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## **7<sup>th</sup> Annual National Small Business Conference**

*"Small Businesses in Economic Recovery"*

**Huntsville, Alabama**

**25 – 26 May 2010**

**Tuesday , May 25, 2010**

### **KEYNOTE ADDRESS:**

- Honorable Dr. Mal O'Neill, USA (Ret), Assistant Secretary of the Army (Acquisition, Logistics, and Technology) (ASAALT)

### **AEROSPACE & DEFENSE SMALL BUSINESS OUTLOOK PANEL**

#### **Panelists:**

- Ms. Suellen Jeffress, Assistant to the Director and Woman-Owned Small Business Program Manager, Department of the Army, Office of Small Business Programs
- Mr. John Caporal, Acting Director, Office of Small Business Programs, Office of the Secretary of the Air Force
- Mr. Glenn Delgado, Assistant Administrator, Office of Small Business Programs, NASA

### **LEGISLATIVE UPDATE AND DEFENSE BUDGET REVIEW/FY11 PROJECTION**

- Mr. Pete Steffes, Vice President, Government Affairs, NDIA

### **STRATEGIC SOURCING AND THE IMPACT ON SMALL BUSINESS OPPORTUNITY**

- Mr. James Wright, Army Program Manager for Strategic Sourcing, U.S. Army Contracting Command

**Wednesday, May 26, 2010**

### **SUCCESS IN SMALL BUSINESS**

- Mr. Rey Almodóvar, CEO, Intuitive Research & Technology Corporation
- Mr. Ed Muniz, CEO, MEI Technologies

### **DEPARTMENT OF HOMELAND SECURITY**

- Mr. Anthony Bell, Small Business Advocate, U.S. Department of Homeland Security, Office of Small and Disadvantaged Business Utilization

### **WINNER OF NDIA SMALL BUSINESS SUCCESS STORY CONTEST**

- Mr. Gregg Owens, Vice President, Laser Shot, Inc.

### **MERGERS & ACQUISITIONS**

- Mr. Adam August, Holland & Knight, LLP
- Mr. William Mutryn, Holland & Knight, LLP
- Mr. John Allen, Co-Head, Defense Government Services Group, BB&T Capital Markets/Windsor Group

### **TEAMING**

- The Nuts, Bolts and Screws of Teaming, Mr. Jerome Gabig, Attorney, Sirote & Permutt, PC

- Compliance, Enforcement and Mandatory Disclosures, Ms. Jessica Abrahams, Partner, McKenna Long & Aldridge, LLP

**ENHANCING YOUR BUSINESS OPPORTUNITIES**

- Mr. Joseph Osborn, UAH PTAC
- Fred Wellman, JANSON Communications

**SMALL BUSINESS CONTRACTING**

- Ms. Cathy Dickens, Principal Assistant Responsible for Contracting, U.S. Army SMDC/ARSTRAT
- Mr. Kim Whitson, Deputy Director, Office of Procurement, National Aeronautics and Space Administration

## **Updates on Compliance, Enforcement, and Mandatory Disclosures**

### **NDIA 7th Annual National Small Business Conference**

Jessica Abrahams

202-496-7204

[jabrahams@mckennalong.com](mailto:jabrahams@mckennalong.com)

... today I'm announcing . . . reforms . . . which will save the American people up to \$40 billion each year. It starts with reforming our **broken system of government contracting**. There is a fundamental public trust that we must uphold. The American people's money must be spent to advance their priorities – not to line the pockets of contractors or to maintain projects that don't work.

Recently that public trust has not always been kept. . . . Far too often, [government contract] spending is plagued by massive cost overruns, outright fraud, and the absence of oversight and accountability.

Remarks by  
President Barack Obama on Procurement  
March 4, 2009



## **Four General Areas**

- Contract Audit and Oversight
- IG and GAO Investigative Authority
- Contractor Obligations
- Liability under the False Claims Act

## Audit Authority

- Access to Contractor Records
  - Memorandum 08-PAS-042(R), Subject: Audit Guidance on Denial of Access to Records Due to Contractor Delays (December 19, 2008)
- Internal Control Systems
  - Memorandum 08-PAS-043(R), Subject: Audit Guidance on Significant Deficiencies/Material Weaknesses and Audit Opinions on Internal Control Systems (December 19, 2008)
- GAO reports sharply criticizing DCAA audits

## Access to Contractor Records

- DCAA requires documentation in a “timely manner”
- “Timely” given an aggressive interpretation
  - “Reasonable time period to provide the data given the specific circumstances”
  - “**Generally** . . . should be readily available”
- Untimely is treated as a denial of access
  - A suspension or withhold of any unsupported costs until received and analyzed
  - Questioned costs if not received prior to the completion of audit fieldwork
  - Potentially improper penalty

## **Access to Contractor Records**

- Encourages liberal contact with Contractor employees during the audit
  - Recommends obtaining data “directly from the person responsible for the information”
  - Disapproves of Contractor “liaisons”
  - Lacks support in standard Access to Records Clauses

## Access to Contractor Records

- “Fast Track” process for data not provided by requested due date
  - Five days - a formal written request to high-level contractor management (e.g., no lower than business segment vice president) with a copy to the contracting officer
  - One week – notification that a formal denial of records exists and is being reported within the Government
  - Review need for a DCAA subpoena pursuant to 10 U.S.C § 2313(b)
  - Review need for an IG subpoena
- Procedure is arguably inconsistent with IG subpoena authority
  - Limited to fraud-related issues—not contractor accounting systems issues (See 5 U.S.C. App. § 8)

## Aggressive Review of Internal Control Systems

- “[**A**]ny significant deficiencies/material weaknesses” will now result in a finding of an inadequate system
  - No “inadequate in part” opinions
- **Any** deficiency found at a major contractor is, by definition, “material”
- Disapproval and suspension of progress payments or cost reimbursement
- No suggestions for improving the contractor’s system

## Oversight on Organizational Conflicts of Interests

- Weapon Systems Acquisition Reform Act of 2009 (Pub. L. 111-23).
  - Prohibits Systems Engineering Contractors from participating in the development or construction of the major weapon systems on which they have advised DOD.
  - Requires tightened oversight of organizational conflicts of interests by contractors in the acquisition of major weapon systems.

## **GAO Authority**

- Section 871 of the 2009 Defense Authorization Act modified 41 U.S.C. 254d and 10 U.S.C. 2313 by adding at the end ...  
“and to interview any current employee regarding such transactions”
- Now GAO can both examine records and interview current employees regarding transactions relating to the contract or subcontracts under the contract



## Investigative Authority

- 2009 Stimulus Bill
- IG authorized to:
  - Examine the records of every contractor, grantee, subcontractor and subgrantee, and any State or local agency administering the affected contracts, subcontracts, grants and subgrants
  - “Interview any employee of the contractor, grantee, subgrantee, or agency regarding such transactions” (Sections 1514 and 1515)
- GAO also authorized to access documents and interview employees (Section 902)

## **The National Defense Authorization Act for 2010 (Pub. L. No. 111-84)**

- Authorizes the DOD Inspector General to subpoena the attendance and testimony of witnesses necessary to carry out a DOD audit or investigation. (Sec. 1056)
- Requires additional information to be included in the federal database on the integrity and performance of federal contractors and grantees (Sec. 824; Hunter Act).

## More to Come

- Senate Subcommittee on Contracting Oversight
  - First hearings held on April 29, 2009: “Improving Ability of IG’s to Detect, Prevent, and Prosecute Contracting Fraud”
  - Featured testimony of IGs seeking legislation to
    - Expand IG subpoena power
    - Establish national procurement fraud database
    - Compel contractor employees to cooperate with interviews
    - Promote initiatives identified in National Procurement Fraud Task Force White Paper: *Procurement Fraud: Legislative and Regulatory Reform Proposal* (June 9, 2008)

## More to Come

- The House has also amended its rules to require each standing committee to hold periodic hearings on fraud, waste, abuse, or mismanagement in Government programs under the authority of that committee.

## Contractor Obligations

- FAR Mandatory Disclosure & Ethics Rules
- Effective December 12, 2008
- Contractors and subcontractors must disclose to the OIG and/or contracting officer whenever a principal has credible evidence, in connection with the award, performance or closeout of a contract or subcontract thereunder, of
  - Certain enumerated violations of Title 18 of the U.S. Code
  - A civil False Claim Act violation
  - A significant overpayment

## **FAR Mandatory Disclosure & Ethics Rules**

- Requires Code of Conduct, Ethics Awareness and Compliance Program and Internal Controls
  - Applicable to contracts/subcontracts with value greater than \$5 million and performance period greater than 120 days
  - Small businesses and commercial items contracts exempt from Ethics Awareness and Compliance Program and Internal Controls requirements (not Code of Conduct)
- OMB Guidance (April 3, 2009) extended Mandatory Disclosure requirements to grants, cooperative agreements, and other transactions under ARRA

## Key Implementation Issues

- Triggering Conduct – “Fraud” under 18 U.S.C. may capture any potentially criminal conduct
  - “In connection with” will be key to whether disclosure is required
- Small contractors will need ethics training, compliance programs and internal controls to comply with mandatory disclosure requirements

## Key Implementation Issues

- “Full cooperation” likely will be the universal standard, regardless of whether the contractor is subject to FAR 52.203-13
- Ability to protect disclosures from release under FOIA is unclear
- Use of disclosures for past performance evaluation is unclear



## Status

- DoD reported 14 Disclosures as of April 21, 2009
- Agencies continue to develop internal procedures
- ABA Task Force preparing “best practices” guide

## **Federal Awardee Performance and Integrity Information System**

- 74 Fed. Reg. 45579 (Sept. 3, 2009)
- Captures the past performance information of existing data bases
- Contracting Officers required to review information prior to making award
- Requires self reporting of certain criminal, civil and administrative proceedings for contractors with contracts valued at over \$10 million in total

## **DCAA Audits of Internal Procedures**

- DCAA conducting Contractor Code of Business Ethics and Conduct Audits
- Establishing standards and definitions
- Requesting a list of violations
- Requesting a copy of contractor's reports

## Expanding False Claims Act Liability

- The Fraud Enforcement and Recovery Act (Pub. L. 111-10)
  - Bill intended to prevent mortgage fraud and expand FCA passed by Senate in a 92-4 vote on April 28, 2009
  - Includes “clarifications” to “reflect the original intent” of the FCA
    - Expands liability to include claims to government for non-U.S. funds or property
    - Eliminates presentment requirement
    - Adds Concealment of an obligation to pay as an offense
    - Defines “Material” as “having a natural tendency to influence, or be capable of influencing,”

# 7<sup>TH</sup> ANNUAL NATIONAL SMALL BUSINESS CONFERENCE

**"SMALL BUSINESSES IN ECONOMIC RECOVERY"**

HOSTED BY:  
NDIA TENNESSEE VALLEY CHAPTER

## SCHEDULE AT A GLANCE

Monday, May 24

7:30 am

Golf Tournament at Hampton Cove

11:00 am - 5:00 pm

Registration Open

Tuesday, May 25

7:00 am - 6:45 pm

Registration & Exhibit Hall Open

8:00 am - 5:15 pm

General Session

12:00 pm - 1:30 pm

Luncheon

5:15 pm - 6:45 pm

Reception

Wednesday, May 26

7:00 am - 5:00 pm

Registration Open

7:00 am - 3:30 pm

Exhibit Hall Open

8:00 am - 12:00 pm

General Session

12:00 pm - 1:30 pm

Luncheon & Sridhar Award

1:30 pm - 5:00 pm

Breakouts & Matchmaking



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**MAY 25-26, 2010**

**WWW.NDIA.ORG/MEETINGS/0140**

**VON BRAUN CENTER ► HUNTSVILLE, ALABAMA**

**EVENT #0140**

## MONDAY, MAY 24, 2010

- 7:30 am** **GOLF TOURNAMENT REGISTRATION AT ROBERT TRENT JONES GOLF TRAIL AT HAMPTON COVE**
- 9:00 am** **GOLF TOURNAMENT SHOTGUN START**
- 11:00 am - 5:00 pm** **CONFERENCE REGISTRATION OPEN**  
Van Braun Center South Hall Foyer
- 11:00 am - 5:00 pm** **EXHIBIT SETUP**  
South Hall 1
- 5:00 pm - 6:30 pm** **RECEPTION HOSTED BY NDIA TENNESSEE VALLEY CHAPTER**  
Alabama's Constitution Village: 109 Gates Ave SE, Huntsville, AL

## TUESDAY, MAY 25, 2010

- 7:00 am - 6:45 pm** **REGISTRATION OPEN**
- 7:00 am - 6:45 pm** **EXHIBIT HALL OPEN**  
South Hall 1
- 7:00 am - 8:00 am** **NETWORKING BREAKFAST**  
South Hall 1
- 8:00 am - 5:15 pm** **GENERAL SESSION**  
Ballrooms 1-3
- 8:00 am - 8:15 am** **WELCOME AND ADMINISTRATIVE REMARKS**  
► MG Barry Bates, USA (Ret), *Vice President, Operations, NDIA*
- 8:15 am - 8:30 am** **WELCOME**  
► Mayor Tommy Battle, *City of Huntsville*
- 8:30 am - 9:15 am** **KEYNOTE ADDRESS: SMALL BUSINESS INNOVATIONS AND CONTRIBUTIONS**  
► Dr. Mal O'Neill, *Assistant Secretary of the Army (Acquisition, Logistics, and Technology) (ASAALT)*
- 9:15 am - 10:30 am** **AEROSPACE & DEFENSE SMALL BUSINESS OUTLOOK PANEL**  
**Moderator:** Mr. Joseph Misanin, *Deputy Director for Program Operations, DoD Office of Small Business Programs*
- Panelists:**
- Ms. Suellen Jeffress, *Assistant to the Director and Woman-Owned Small Business Program Manager, Department of the Army, Office of Small Business Programs*
  - Mr. John Caporal, *Deputy Director, Office of Small Business Programs, Office of the Secretary of the Air Force*
  - Mr. Lee Rosenberg, *Director, Office of Small Business Programs, Missile Defense Agency*
  - Mr. Glenn Delgado, *Associate Administrator, Office of Small Business Programs, NASA*

# TUESDAY, MAY 25, 2010 CONTINUED

10:30 am - 11:00 am

## NETWORKING BREAK

South Hall 1

11:00 am - 11:25 am

## IMPORTANCE OF SMALL BUSINESS IN MAJOR PROPOSALS

- ▶ Mr. James Chilton, *Vice President, Huntsville Space Exploration, The Boeing Company*

11:25 am - 12:00 pm

## LEGISLATIVE UPDATE

- ▶ Mr. Pete Steffes, *Vice President, Government Policy, NDIA*

12:00 pm - 1:30 pm

## NETWORKING LUNCHEON

South Hall 1

1:30 pm - 2:15 pm

## STRATEGIC SOURCING AND THE IMPACT ON SMALL BUSINESS OPPORTUNITY

- ▶ Mr. James Wright, *Army Program Manager for Strategic Sourcing, U.S. Army Contracting Command*

2:15 pm - 3:00 pm

## THE OUTLOOK FOR SMALL BUSINESS IN 2010/2011

- ▶ Mr. Joseph Jordan, *Associate Administrator for Government Contracting and Business Development, U.S. Small Business Administration*

3:00 pm - 3:30 pm

## NETWORKING BREAK

South Hall 1

3:30 pm - 5:15 pm

## PRIME CONTRACTOR JOINT BUSINESS COUNCIL

**Moderator:** Ms. Judy Hardin, *Manager, Small Business and Community Partnering, Raytheon Company*

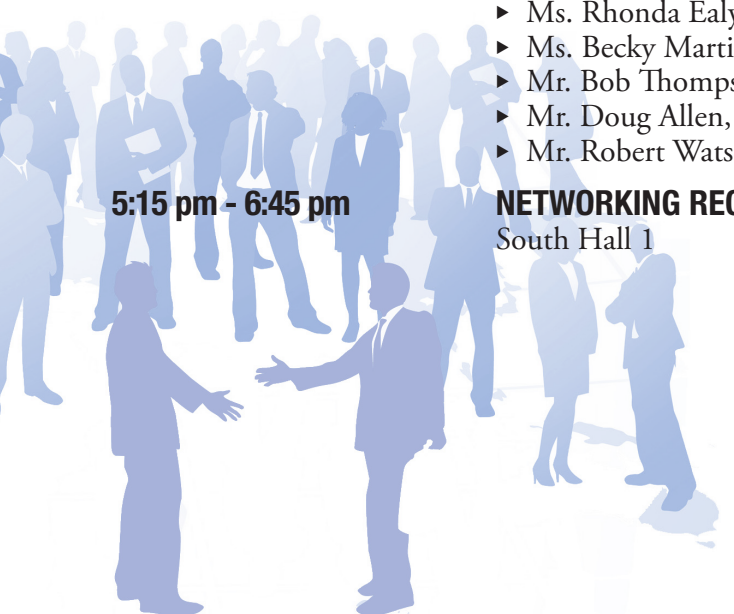
### Panelists:

- ▶ Dr. Ron Belz, *Jacobs Technology*
- ▶ Mr. Bruce Emerson, *SAIC*
- ▶ Ms. Debbie Batson, *TBE*
- ▶ Mr. Rodolfo Bernal, *EG&G, a division of URS*
- ▶ Ms. Rhonda Ealy, *BAE Systems*
- ▶ Ms. Becky Martin, *The Boeing Company*
- ▶ Mr. Bob Thompson, *Lockheed Martin*
- ▶ Mr. Doug Allen, *CSC*
- ▶ Mr. Robert Watson, *Northrop Grumman*

5:15 pm - 6:45 pm

## NETWORKING RECEPTION

South Hall 1





# WEDNESDAY, MAY 26, 2010

7:00 am - 5:00 pm

## REGISTRATION OPEN

Von Braun Center South Hall Foyer

8:00 am - 12:00 pm

## GENERAL SESSION

Ballrooms 1-3

7:00 am - 3:30 pm

## EXHIBIT HALL OPEN

South Hall 1

7:00 am - 8:00 am

## NETWORKING BREAKFAST

South Hall 1

8:00 am - 8:05 am

## ADMINISTRATIVE REMARKS

8:05 am - 8:30 am

## ROCK BANDS, ROCKET SCIENCE, AND OTHER EXAMPLES OF SOUTHERN EXCELLENCE

- ▶ Mr. Dan Smith, *President, Raytheon Integrated Defense Systems*

8:30 am - 10:00 am

## SUCCESS IN SMALL BUSINESS

- ▶ Mr. Rey Almodóvar, *CEO, Intuitive Research & Technology Corporation*
- ▶ Mr. Ed Muniz, *CEO, MEI Technologies*

10:00 am - 10:30 am

## NETWORKING BREAK

South Hall 1

10:30 am - 11:15 am

## DEPARTMENT OF HOMELAND SECURITY

- ▶ Mr. Anthony Bell, *Small Business Advocate, U.S. Department of Homeland Security, Office of Small and Disadvantaged Business Utilization*

11:15 am - 12:00 pm

## WINNER OF NDIA SMALL BUSINESS SUCCESS STORY CONTEST

- ▶ Mr. Gregg Owens, *Vice President, Lasher Shot, Inc.*

12:00 pm - 1:30 pm

## LUNCHEON AND KATHLEEN P. SRIDHAR SMALL BUSINESS EXECUTIVE OF THE YEAR AWARD PRESENTATION

South Hall 1

1:30 pm - 5:00 pm

## CONCURRENT BREAKOUT SESSIONS AND MATCHMAKING

See breakout schedule on the following page

3:00 pm - 3:30 pm

## NETWORKING BREAK

South Hall 1

5:00 pm

## CLOSING REMARKS

Ballroom 1

- ▶ Mr. Tony Jones, *Vice President, The Boeing Company*
- ▶ Ms. Irma Tudor, *Founder and Board Chair, Analytical Services, Inc.*





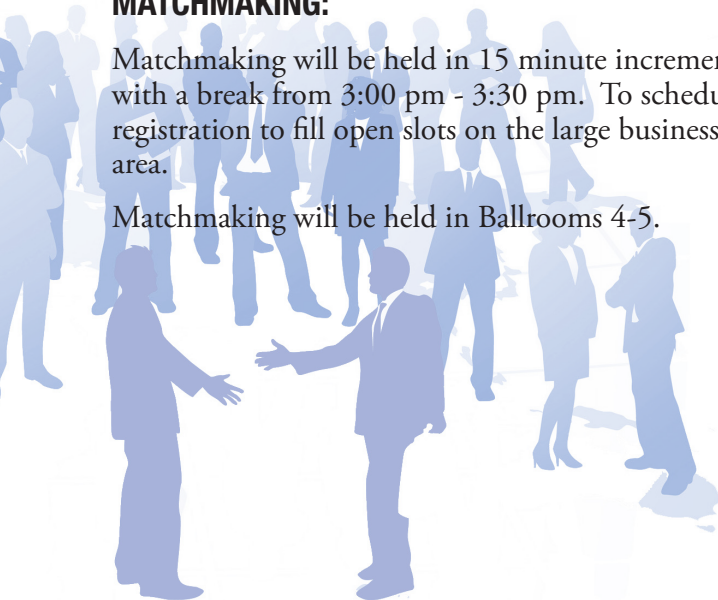
# BREAKOUT DESCRIPTIONS

	1:30 pm - 3:00 pm	3:00 pm - 3:30 pm	3:30 pm - 5:00 pm
<b>BALLROOM 1</b>	<b>MERGERS &amp; ACQUISITIONS</b>  Mr. Adam August, <i>Holland &amp; Knight, LLP</i> Mr. William Mutryn, <i>Holland &amp; Knight, LLP</i> Mr. John Allen, <i>Co-Head, Defense &amp; Government Services Group, BB&amp;T Capital Markets/Windsor Group</i>	<b>BREAK IN SOUTH HALL 1</b>	<b>TEAMING</b>  <b>The Nuts, Bolts and Screws of Teaming</b> Mr. Jerome Gabig, <i>Attorney, Sirote &amp; Permutt, PC</i>  <b>Compliance, Enforcement and Mandatory Disclosures</b> Ms. Jessica Abrahams, <i>Partner, McKenna Long &amp; Aldridge, LLP</i>
<b>BALLROOM 2</b>	<b>ENHANCING YOUR BUSINESS OPPORTUNITIES</b>  Ms. Joanne Randolph, <i>President and CEO, Women's Business Center of Northern Alabama</i>  Mr. Fred Wellman, <i>Senior Director of Communication, Public Relations &amp; Social Media, JANSON Communications</i>  Mr. Joseph Osborn, <i>UAH PTAC</i>		<b>ENHANCING YOUR BUSINESS OPPORTUNITIES</b>  Ms. Joanne Randolph, <i>President and CEO, Women's Business Center of Northern Alabama</i>  Mr. Fred Wellman, <i>Senior Director of Communication, Public Relations &amp; Social Media, JANSON Communications</i>  Mr. Joseph Osborn, <i>UAH PTAC</i>
<b>BALLROOM 3</b>	<b>SMALL BUSINESS CONTRACTING</b>  Mr. Barney Klehman, <i>Director of Contracting, Missile Defense Agency</i>  Mr. Kim Whitson, <i>Office of Procurement, National Aeronautics and Space Administration</i>  Ms. Cathy Dickens, <i>Principal Assistant Responsible for Contracting, U.S. Army SMDC/ARSTRAT</i>		<b>SMALL BUSINESS CONTRACTING</b>  Mr. Barney Klehman, <i>Director of Contracting, Missile Defense Agency</i>  Mr. Kim Whitson, <i>Office of Procurement, National Aeronautics and Space Administration</i>  Ms. Cathy Dickens, <i>Principal Assistant Responsible for Contracting, U.S. Army SMDC/ARSTRAT</i>

## MATCHMAKING:

Matchmaking will be held in 15 minute increments from 1:30 pm to 5:00 pm on Wednesday, May 26, 2010 with a break from 3:00 pm - 3:30 pm. To schedule your appointments, please use the labels you were given at registration to fill open slots on the large business or government agency schedules located in the registration area.

Matchmaking will be held in Ballrooms 4-5.





For almost 50 years, The Boeing Company in Alabama has played a vital role in building the nation's space and defense programs. The largest aerospace company in the state of Alabama and one of the largest employers, The Boeing Company employs about 3,000 people today in Alabama. Boeing contributes roughly \$1 billion to the Alabama economy each year.

The Boeing Company is proud to partner with more than 430 companies in Alabama to develop and deliver the world's most advanced aerospace products and services, while creating jobs and economic opportunity across the state. In offering mentoring, coaching and training to our suppliers, we help small businesses grow into strong and healthy industry partners who can offer innovation, agility, and flexibility to our program partner teams - and help guide the aerospace industry to next generation solutions. In an effort to develop additional high tech small businesses, Boeing engages in the Department of Defense (DoD), Department of Homeland Security (DHS) and NASA Mentor Protégé Relationships. Boeing provides training in the areas of LEAN Manufacturing, ISO 9000, AS9100 Quality Systems along with business management training, supply chain management training and human resource training. Examples of small business growth from mentoring can be found in the profitability of small businesses. Successful Alabama suppliers can then tap into the global reach of Boeing, offering their products and services to programs around the world. In fact, Alabama suppliers have won distinguished Boeing supplier awards that have helped those businesses make the leap to medium size businesses. Our Supplier Diversity group also stays active in the community as a resource for small businesses. Boeing was a founding member of the Marshall Space Flight Center Prime Contractors Council and continues to be an active member. In addition, Boeing supports the community with presentations to small business councils, such as the Marshall Space Flight Center Small Business Alliance Group, and the Small Business Development Center at Alabama A&M, University of Alabama Huntsville, the University of Alabama Birmingham and the University of North Alabama. Boeing also has implemented an E-Commerce System called Exostar, and its secure online applications and services improve business process efficiency, reduce costs and enhance trading partner relationships and profitability. In an effort to develop additional high tech small businesses, Boeing engages in the Department of Defense (DoD), Department of Homeland Security (DHS) and NASA Mentor Protégé Relationships.

Boeing annually subcontracts roughly \$475M to 435 Alabama supplier partners, handling manufacturing, services and technology independently and within research, design and technology development centers. Boeing suppliers hail from every legislative district in the state.

In addition to mentoring small businesses in the Huntsville area, Boeing has reached out to South Alabama as well. Boeing sponsored the Southwest Alabama Chamber of Commerce Annual Rural Small Business Conference. Approximately 400 attendees participated in this event which included supplier training provided by the Alabama Technology Network in partnership with Auburn University. Boeing arranged this training at no cost to the suppliers. For the third year, Boeing also partnered with the Alabama Technology Network organization and Auburn University to bring critical skill training to Alabama suppliers.

Boeing Huntsville is host to 17 programs and functions that support an extensive portfolio of products and services, offering the highly unique opportunity to share talent, expertise, tools, and processes across NASA, Department of Defense, Homeland Security, and other aerospace projects.

Boeing Huntsville customers include NASA Marshall Space Flight Center, the U.S. Army Aviation and Missile Command, the U.S. Army Space and Missile Defense Command, the U.S. Army Program Executive Office (PEO) for Aviation, the U.S. Army PEO for Air, Space & Missile Defense, and the Missile Defense Agency. Boeing offers these and other customers expertise in the areas of civil space, space transportation systems, space systems, missile systems, systems engineering and integration, and simulation and training systems.

## BAE SYSTEMS

BAE Systems is the premier global defense, security and aerospace company delivering a full range of products and services for air, land and naval forces, as well as advanced electronics, security, information technology solutions and customer support services. With approximately 105,000 employees worldwide, BAE Systems' sales exceeded \$34.4 billion (US) in 2009.

BAE Systems has a proud heritage of innovation, state of the art engineering and technical excellence and continues that tradition by delivering distinct advantage to customers in over 100 countries.

BAE Systems plc operates across six home markets: Australia, Saudi Arabia, South Africa, Sweden, the UK and the U.S. engaged in the development, delivery and support of advanced defense and aerospace systems in the air, on land, at sea and in space. The company designs, manufactures and supports military aircraft, surface ships, submarines, fighting vehicles, radar, avionics, communications, electronics and guided weapon systems. It is a pioneer in technology with a heritage stretching back hundreds of years. It is at the forefront of innovation, working to develop the next generation of intelligent defense systems.

The U.S. subsidiary of BAE Systems is headquartered in Arlington, VA, and is responsible for developing BAE Systems' transatlantic business, relationships with the U.S. Government, administration of BAE Systems' Special Security Agreement, and managing its U.S. based operating groups. These groups provide support and service solutions for current and future defense, intelligence, and civilian systems; design, develop, and manufacture a wide range of electronic systems and subsystems for both military and commercial applications; produce specialized security and protection products for law enforcement and first responders; and design, develop, produce, and provide service support of armored combat vehicles, artillery systems and intelligent munitions.

## Booz | Allen | Hamilton

**delivering results that endure**

Booz Allen Hamilton has been at the forefront of strategy and technology consulting for nearly a century. Today, the firm is a major provider of professional services primarily to US government agencies in the defense, security, and civil sectors, as well as to corporations, institutions, and not-for-profit organizations. Booz Allen offers clients deep functional knowledge spanning strategy and organization, technology, operations, and analytics—which it combines with specialized expertise in clients' mission and domain areas to help solve their toughest problems.

The firm's management consulting heritage is the basis for its unique collaborative culture and operating model, enabling Booz Allen to anticipate needs and opportunities, rapidly deploy talent and resources, and deliver enduring results. By combining a consultant's problem-solving orientation with deep technical knowledge and strong execution, Booz Allen helps clients achieve success in their most critical missions—as evidenced by the firm's many client relationships that span decades. Booz Allen helps shape thinking and prepare for future developments in areas of national importance, including cyber security, homeland security, healthcare, and information technology.

Booz Allen is headquartered in McLean, Virginia, employs more than 22,000 people, and has annual revenues of approximately \$5 billion. Fortune has named Booz Allen one of its "100 Best Companies to Work For" for six consecutive years. Working Mother has ranked the firm among its "100 Best Companies for Working Mothers" annually since 1999. More information is available at [www.boozallen.com](http://www.boozallen.com).

## LOCKHEED MARTIN



*We never forget who we're working for™*

Lockheed Martin is a premier systems integrator and global security company principally engaged in the research, design, development, manufacture, integration and sustainment of advanced technology systems, products and services.

With growth markets in Defense, Homeland Security, and Systems/Government Information Technology, Lockheed Martin delivers innovative technologies that help customers address complex challenges of strategic and national importance.

Headquartered in Bethesda, Maryland, Lockheed Martin employs 136,000 people worldwide. Distinguished by whole-system thinking and action, a passion for invention and disciplined performance, Lockheed Martin strives to earn a reputation as the partner of choice, supplier of choice and employer of choice in the global marketplace.

Lockheed Martin is led by Robert J. Stevens, Chairman and Chief Executive Officer. The Corporation reported 2009 sales of \$45.2 billion.

Governments worldwide are involved in meeting vital strategic goals to defend the peace, make their borders and homeland secure, or manage large Information Technology infrastructure projects. Lockheed Martin has more than 300 alliances, joint ventures and other partnerships in 75 countries.

In our approach to global partnerships, Lockheed Martin seeks to establish a long-term presence, provide quality jobs in-country, earn the trust of customers, develop industrial alliances for growth, and match corporate breadth with customer priorities.

Lockheed Martin's operating units are organized into four broad business areas with diverse lines of business.

- Electronic Systems: missiles and fire control, mission systems and sensors, platform integration, simulation/training, and energy programs
- Aeronautics: combat aircraft, air mobility, special mission and reconnaissance aircraft, advanced development programs, and sustainment operations/services
- Space Systems: launch services, satellites, and strategic/defensive missile systems.
- Information Systems & Global Services: information and systems integration solutions for civil, defense and security applications; international and next-generation products supporting transportation, cyber security, census and aviation customers; readiness and stability operations.

## NORTHROP GRUMMAN

Northrop Grumman Corporation is a leading global security company whose 120,000 employees provide innovative systems, products, and solutions in aerospace, electronics, information systems, shipbuilding and technical services to government and commercial customers worldwide. Below is a listing and description of our five business sectors.

**Aerospace Systems** - A premier provider of manned and unmanned aircraft, space systems, missile systems and advanced technologies critical to the nation's security. Key products include Global Hawk, Fire Scout and UCAS-D unmanned aerial systems; National Polar-orbiting Operational Environmental Satellite System; B-2 bomber; James Webb Space Telescope; E-2 Hawkeye; Advanced EHF communications payload; Joint STARS targeting and battle management system; Space Tracking and Surveillance System; Airborne Laser; and ICBM Prime Integration Contract.

**Electronic Systems** - A leader in airborne radar, navigation systems, electronic countermeasures, precision weapons, airspace management systems, space payloads, marine and naval systems, communications systems bio-defense and government systems. Key products include F-16, F-22 and F-35 active electronically scanned array sensor systems; airborne early warning and control radar systems; Ground/Air Task Order Radar system; LITENING targeting and sensor system; digital electronic warfare systems; aircraft missile defense systems; air defense systems; integrated bridge systems; situational awareness and fiber-optic gyro-based navigation systems; and automated postal sorting equipment.

**Information Systems** - A global provider of advanced information solutions for defense, intelligence, civil agency and commercial customers. Key products include Force XXI Battle Command, Brigade and Below/Blue Force Tracker; Guardrail; Automated Biometric Identification System; Centers for Disease Control Information Technology Services; theater and operational command and control systems; networked communications products; intelligence, surveillance and reconnaissance systems; cyber security solutions; enterprise systems; next-generation networking solutions; and systems integration and integration services.

**Shipbuilding** - The world's leading military shipbuilder, the nation's sole industrial designer and builder of nuclear-powered aircraft carriers, one of only two companies that design and build nuclear-powered submarines, one of two companies that are building the Navy's current fleet of destroyers and a leading provider of life-cycle support for submarines and surface ships. Key products include U.S. Navy Nimitz- and Ford-class nuclear-powered aircraft carriers; Virginia-class attack submarines; surface combatants; amphibious assault ships; U.S. Coast Guard National Security Cutters; nuclear ship refueling and overhaul; and fleet and maintenance support.

**Technical Services** - A premier supplier of lifecycle solutions and long-term technical services for customers globally. Key capabilities include systems support, training and simulation and life cycle optimization and engineering for programs such as the Nevada Test Site management and operations; U.S. Army Battle Combat Training Program; Hunter unmanned aerial vehicle life cycle support; and biometric capture services for the Department of Homeland Security.

# Raytheon

Our Vision: To be the most admired defense and aerospace systems supplier through world-class people and technology.

A Global Leader in Technology-Driven Solutions that provide Integrated Mission Systems for our customers Raytheon Company is a technology and innovation leader specializing in defense, homeland security and other government markets throughout the world.

## Strategy

Focus on key strategic pursuits, Technology and Mission Assurance, to protect and grow our position in our four core defense markets:

- Sensing: Expand beyond traditional RF/EO to new growth focus areas;
- Effects: Expand beyond kinetic energy-based weapons;
- C3I: Grow market presence through our world-class solutions, technology and products; expand knowledge management;
- Mission Support: Expand beyond product support, engineering services and training.

Leverage our domain knowledge in these core defense markets, as well as in Homeland Security and Cybersecurity. Expand international business by broadening focus and expanding in growth markets.

Continue to be a Customer Focused company based on performance, relationships and solution.

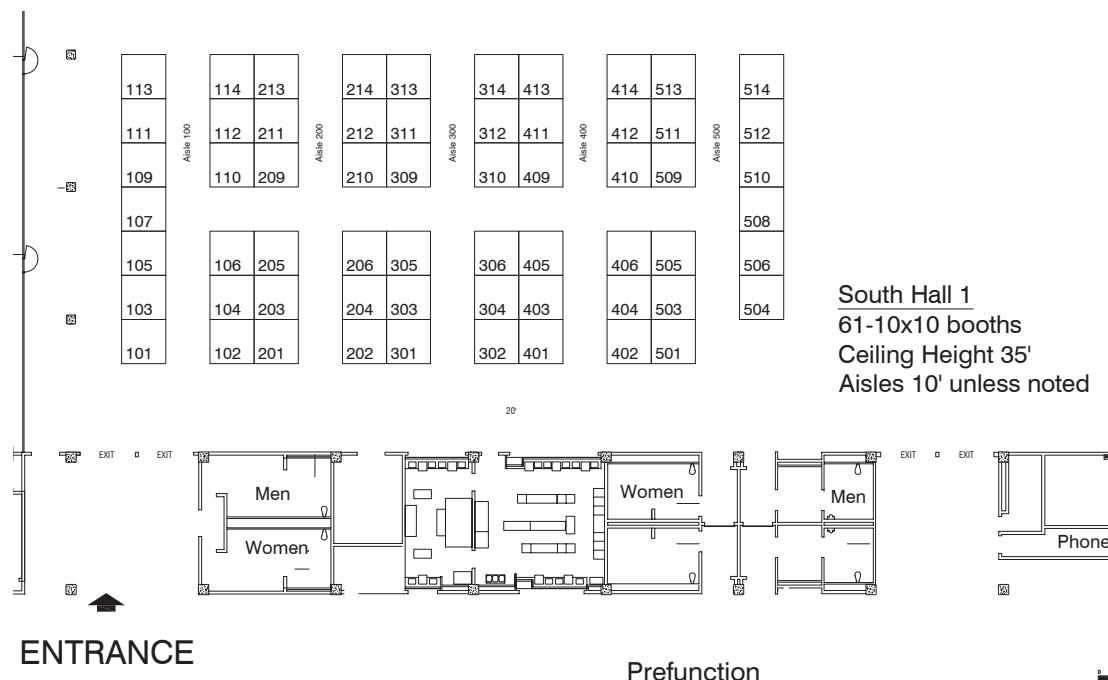
## Business

- |  |   |   |
|--|---|---|
| ▶ Integrated Defense Systems<br>Headquarters in<br>Tewksbury, Massachusetts    | ▶ Missile Systems<br>Headquarters in<br>Tucson, Arizona         | ▶ Space and Airborne Systems<br>Headquarters in<br>El Segundo, California           |
| ▶ Intelligence and<br>Information Systems<br>Headquarters in<br>Garland, Texas | ▶ Network Centric Systems<br>Headquarters in<br>McKinney, Texas | ▶ Raytheon Technical<br>Services Company LLC<br>Headquarters in<br>Reston, Virginia |

## At a Glance

- ▶ Chairman and CEO  
William H. Swanson
- ▶ Global Headquarters  
870 Winter Street  
Waltham, Massachusetts  
02451-1449 USA
- ▶ Number of Employees  
75,000 worldwide
- ▶ Sales in 2009  
\$25 Billion

# 7<sup>TH</sup> ANNUAL NATIONAL SMALL BUSINESS CONFERENCE EXHIBIT HALL



COMPANY NAME	BOOTH #	COMPANY NAME	BOOTH #	COMPANY NAME	BOOTH #
AGH INDUSTRIES	211	ERGOGENESIS	214	OSHKOSH CORPORATION	505
ALABAMA A&M UNIVERSITY SBDC	409	FEDERAL NATIONAL PAYABLES, INC.	401	PEERLESS PRECISION, INC	206
B.R. WILLIAMS	404	HYCO	513	PETERSEN BRANDS	111
BAE SYSTEMS	304	IERUS TECHNOLOGIES, LLC	405	RAYTHEON INTEGRATED DEFENSE SYSTEMS	410
BAKER AND COMPANY, LLC	511	JIT MILITARY SALES	212	REICHOLD MACHINERY, INC.	402
BCF SOLUTIONS, INC.	110	KBR	514	RJ YOUNG COMPANY	501
BLUE CREEK INVESTMENT PARTNERS, LLC	510	LINE-X PROTECTIVE COATINGS	312	RMCI INC	311
BOOZ ALLEN HAMILTON	512	LOCKHEED MARTIN CORPORATION	203-205	ROCKY RESEARCH	213
BRANDON TECHNOLOGY CONSULTING	303	MANROY USA	306	ROSE CONSULTING/FSI JV	210
CAL-WEST SPECIALTY COATINGS, INC.	506	MICRON CORPORATION	101	SPECPRO, INC.	204
CAPITOL SUPPLY	309	MJLM	113	STRATEGIC SYSTEM INC	508
CHENEGA LOGISTICS	310	MODERNTech MECHANICAL	509	SUPPLYCORE INC	102
CIMSGTS	313	NATIONAL CONTRACT MANAGEMENT ASSOCIATION	301	TACTICAL ENVIRONMENTAL SYSTEM, INC.	109
CND LLC	314	NATIVE AMERICAN INSURANCE SERVICES, INC.	201	TECHNI-CORE NETWORK SERVICES	302
CONSTELLATION TECHNOLOGY	106	NEOSYSTEMS CORP.	305	TELEDYNE BROWN ENGINEERING	112
DRS TECHNOLOGIES	503	NETGAIN CORPORATION	406	THE BOEING COMPANY	114
DYNOMAX, INC	403	NOBLE SALES CO., INC.	411	U.S. ARMY CORPS OF ENGINEERS	504
EEI MANUFACTURING SERVICES	104	NORTHROP GRUMMAN CORPORATION	105-107	URS	202
ENGENIUS CONSULTING GROUP	412	O'NEIL & ASSOCIATES, INC.	103	VISTOLOGY, INC.	209

## This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



# THANK YOU TO OUR SPONSORS!



**BAE SYSTEMS**

Booz | Allen | Hamilton

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delivering results that endure



***NORTHROP GRUMMAN***

---

**Raytheon**



***BOEING***



**BB&T**

Defense & Government Services



**BB&T** Capital Markets | Windsor Group

**NDIA**  
National Defense Industrial Association

John Allen

*Co-Head, Defense & Government Services*

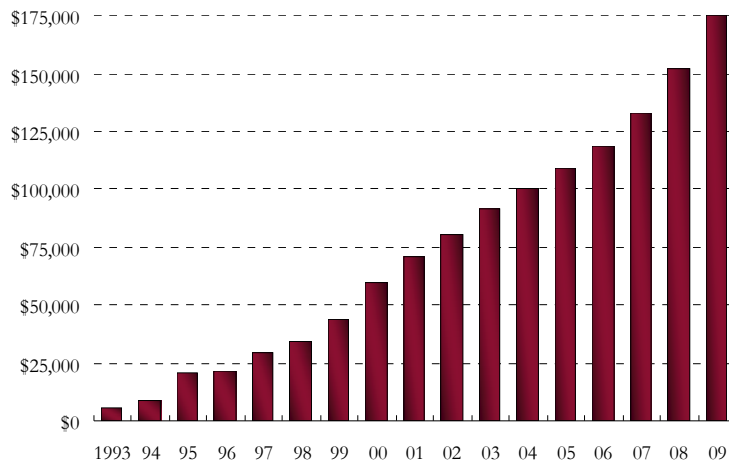
**May 26, 2010**

## BB&T Corporation

- Founded in 1872; headquartered in Winston-Salem, NC
- 10th largest U.S. bank holding company based on more than \$165 billion of assets
- Enterprise value in excess of \$40 billion – doubled in size over the last four years
- More than 1,500 banking offices and 30,000 employees

## BB&T's Growth in Total Assets

(\$ in millions)



## BB&T's Market Success

- Despite overall market uncertainty in the financial services industry, BB&T continues to have success
- BB&T significantly outperformed both its peer regional banks as well as larger, national banks in the Government led "Stress Tests". #1 ranking in Tier 1 Common Capital / Risk Weighted Assets
- Enhanced loan commitments to facilitate our client's growth objectives (e.g. Triumph Group, DynCorp, Sierra Nevada)
- Recently acquired Colonial BancGroup, the Company's largest acquisition in its history
- BB&T wins 25 Greenwich Excellence Awards for 2009
  - More than any other financial institution in the nation
  - The most excellence citations in the award's history

# Overview of BB&T Capital Markets

## BB&T Capital Markets

- \$350 Million Investment Banking division of BB&T Corporation
- More 160 transactions with an aggregate value of more than \$174 billion since 2007
- Industry focused and consistently ranked as a leading middle-market M&A advisor
- Based in Richmond, VA, with investment banking professionals in Reston, VA; Boston, MA; and La Jolla, CA

## Industry Expertise

<b><i>Aerospace &amp; Defense Group</i></b>	<b><i>Commercial &amp; Industrial</i></b>
Aerospace Hardware & Services	<b><i>Logistics &amp; Transportation</i></b>
IT, Software & Consulting Services	<b><i>Financial Services</i></b>
Communications	<b><i>Healthcare</i></b>
Defense / Electronics	<b><i>Retail &amp; Consumer</i></b>
Technical / Professional Services	

## BB&T Capital Markets: A Full-Service Middle-Market Platform

### M&A/Advisory

- Sell- and buy-side advisory
- Fairness opinions
- Middle-market focus
- Industry expertise
- 65 professionals

### Corporate Banking

- 17 senior lending officers
- Industry specialization and partners with investment banking
- Over 65 additional banking officers at regional level

### Equity Underwriting

- 65 investment banking professionals
- IPOs, follow-on offerings
- Industry-focused and aligned with research

### Focused Research

- 40 equity and fixed income analysts
- Insightful, timely research
- Over 270 companies under equity coverage

### Debt Capital Markets

- Public offerings of senior, subordinated, and convertible debt
- Asset securitizations
- Specialized tax credits
- Sale/leaseback transactions

### Sales and Distribution

- 46 equity traders and institutional salespeople
- 140 fixed income traders and salespeople
- Over 250 retail reps in 45 offices

### Private Placements

- Senior debt, subordinated debt, and equity
- PIPEs
- Second-lien notes

### Other Financial Services

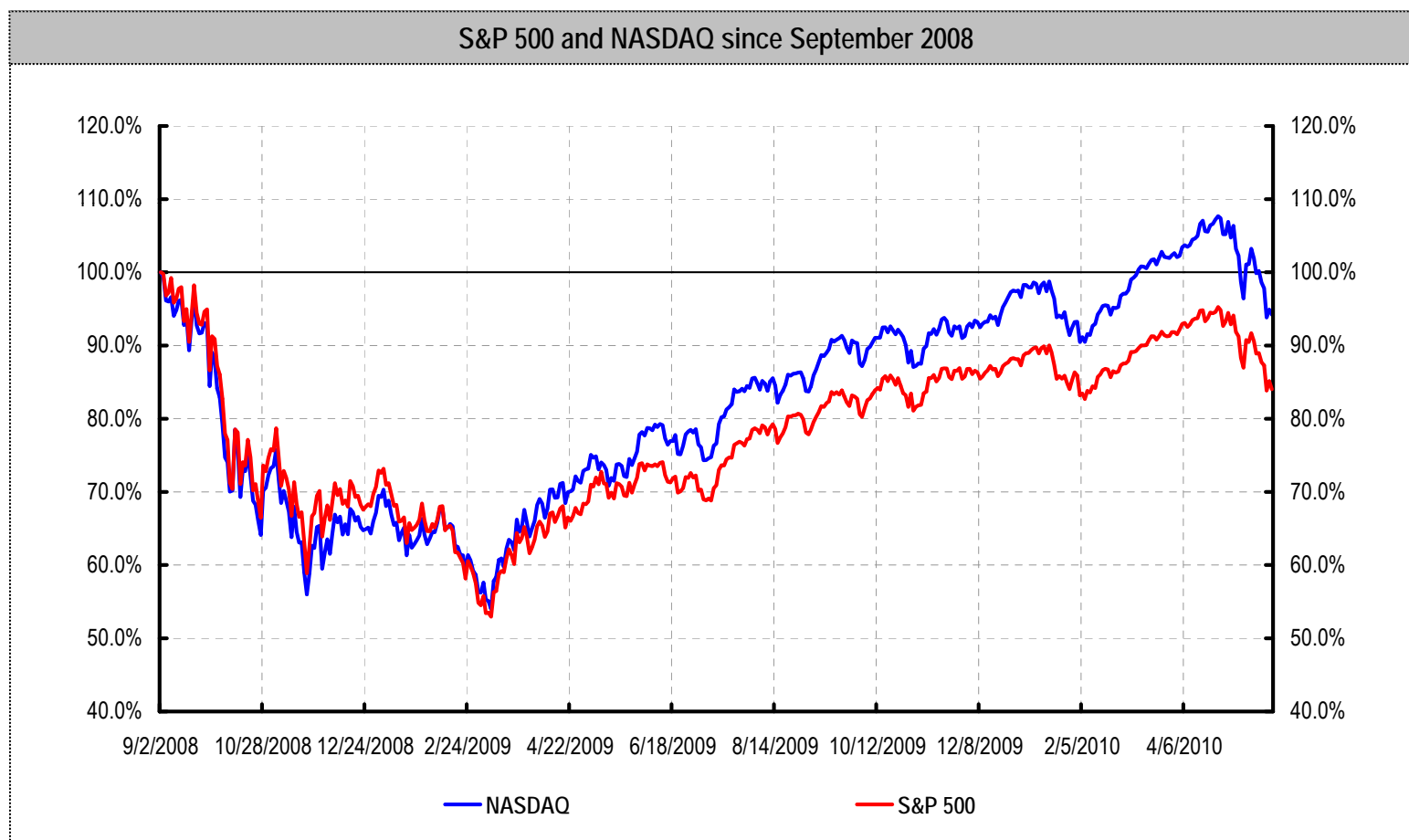
- Insurance, Trust & Treasury services
- Wealth management
- Investment services

# BB&T Recent Transactions

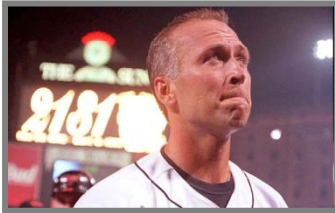
31 transactions aggregating over \$2 billion of value in 2007- 2010

<div> has been acquired by </div>	<div> has been acquired by </div>	<div> has been acquired by </div>	<div> a Portfolio Company of the edgewater funds has been acquired by SNOW PHIPPS</div>	<div> a subsidiary of  has been acquired by </div>	<div> a subsidiary of  has been acquired by </div>	<div> has been acquired by </div>	
<div> has been acquired by </div>	<div> has been acquired by </div>	<div> has been acquired by </div>	<div> has acquired </div>	<div> has been acquired by </div>	<div> has been acquired by </div>	<div> has been acquired by </div>	<div> has been acquired by  a Lake Capital Portfolio Company</div>
<div> has been acquired by  a company controlled by </div>	<div> has been acquired by The Amey Group</div>	<div> has been acquired by  a company controlled by </div>	<div> has been acquired by ManTech International Corporation</div>	<div> has been acquired by KRYPTOS DEFENSE &amp; SECURITY SOLUTIONS</div>	<div> has been acquired by  a company controlled by </div>	<div> has been acquired by </div>	<div> has been acquired by ICF INTERNATIONAL</div>
<div> has been acquired by </div>	<div> has been acquired by </div>	<div> a Portfolio Company of the edgewater funds has acquired </div>	<div> a wholly-owned subsidiary of Dimensions International, Inc. has been acquired by WC Holding, Inc.</div>	<div> has been acquired by Honeywell</div>	<div> has been acquired by </div>	<div> has been acquired by  BB&amp;T Capital Markets rendered a fairness opinion to the Special Committee of the Board of Directors of SFA, Inc.</div>	<div> has been acquired by QinetiQ</div>

- In recent years, broader markets have experienced extreme volatility:



- Volatile times in the broader markets have validated longstanding beliefs about the government contracting sector:



*Consistent performance*



*Safe / low-risk industry*

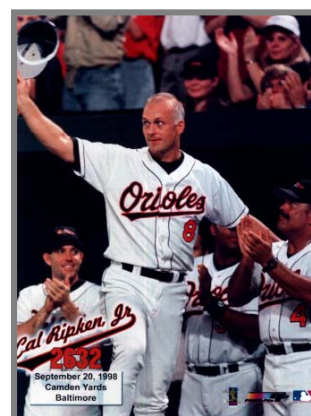


*Variety of niche markets to pursue*



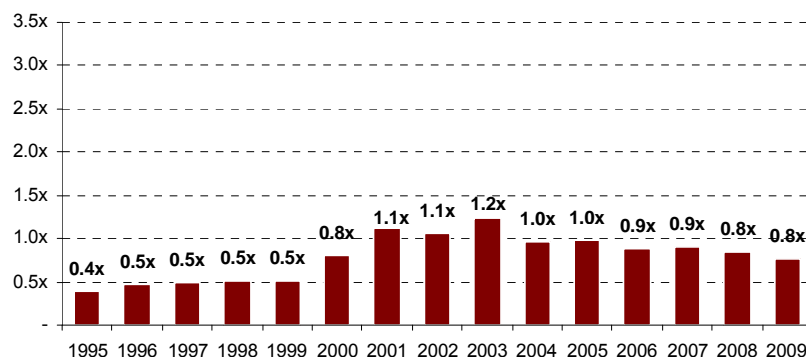
*Experienced industry leadership*

- Government IT services valuation multiples have maintained consistency following historic post 9/11 highs and traditionally trade in the 0.8x to 1.0x Total Enterprise Value (TEV) to Revenue range
- Government IT services companies traded within a range equivalent to 106% of the mean TEV/Revenue multiple of 0.8x
- Commercial IT services companies traded in a much broader range over this time period, equivalent to 143% of the mean TEV/Revenue multiple of 1.6x

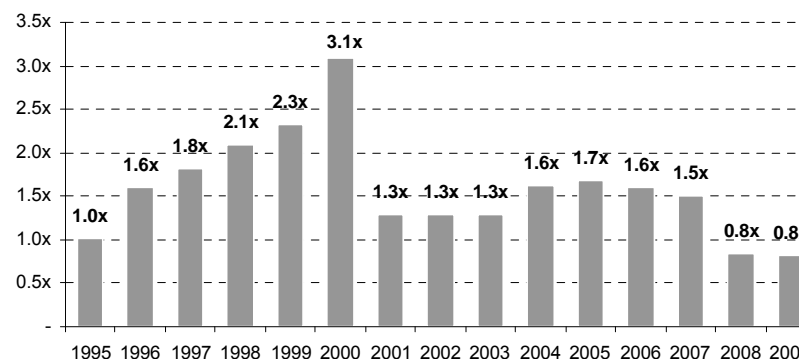


Year	Team	Rev. Growth	EBITDA Margin
1996	Government IT <sup>1</sup>	0.122	0.071
1997	Government IT	0.222	0.069
1998	Government IT	0.264	0.076
1999	Government IT	0.308	0.074
2000	Government IT	0.080	0.074
2001	Government IT	0.152	0.082
2002	Government IT	0.184	0.085
2003	Government IT	0.251	0.087
2004	Government IT	0.255	0.088
2005	Government IT	0.208	0.095
2006	Government IT	0.141	0.091
2007	Government IT	0.144	0.088
2008	Government IT	0.231	0.089
2009	Government IT	0.116	0.090

Government IT<sup>1</sup> TEV / Revenue Multiples



Commercial IT<sup>2</sup> TEV / Revenue Multiples

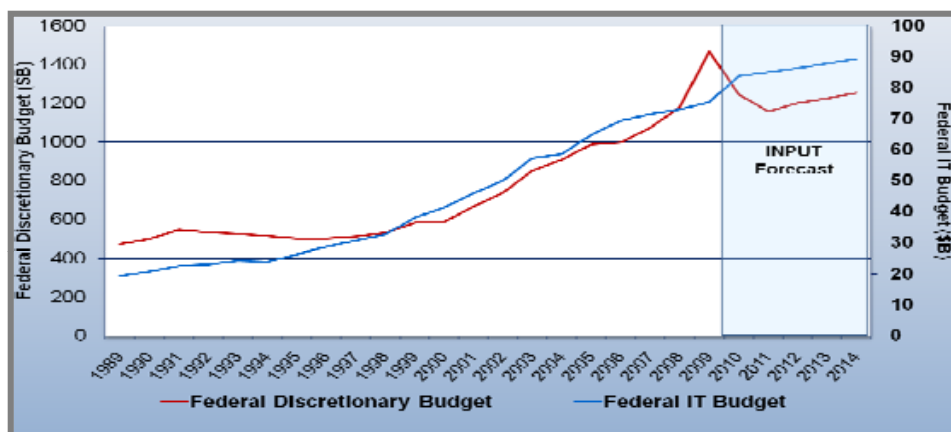


<sup>1</sup> - BBTCM/JWG Government IT Index includes: Analex Corp., Analysis & Technology, Inc., Anteon International Corporation, BDM International, Inc., BTG, Inc., CACI International Inc., DigitalNet, Inc., Dynamics Research Corp., ICF International Inc., Kratos Defense & Security Solutions, Inc., ManTech International Corporation, MTC Technologies, Inc., Nichols Research Corporation, SI International, NCI, Inc., Stanley, Inc., SRA International Inc., Titan Group, and Veridian Corporation.

<sup>2</sup> - BBTCM/JWG Commercial IT Index includes: Accenture plc, Affiliated Computer Services, Inc., Bearingpoint Inc., CIBER, Inc., Cognizant Technology Solutions Corp., Computer Horizons Corp., Computer Sciences Corporation, Diamond Management & Technology Consultants, Inc., Electronic Data Systems, LLC, Keane, Inc., and Perot Systems Corporation.



- Federal spending on information technology has grown steadily for over 20 years:



- Low level of capital intensity – Government customer funds development

Team	Cap Ex / Revenue <sup>1</sup>	Cap Ex/ EBITDA <sup>1</sup>
CACI International Inc.	0.40%	4.04%
ManTech International Corp.	0.43%	4.96%
SAIC, Inc.	0.91%	11.35%
Stanley, Inc.	0.94%	12.88%
<b>Government IT Average</b>	<b>0.67%</b>	<b>8.31%</b>
<b>Government IT Median</b>	<b>0.67%</b>	<b>8.16%</b>

Team	Cap Ex / Revenue	Cap Ex/ EBITDA
Computer Sciences Corp.	4.62%	31.02%
Electronic Data Systems	3.24%	31.52%
Perot Systems Corp.	4.13%	39.43%
Keane Inc.	1.17%	12.57%
<b>Commercial IT Average</b>	<b>3.29%</b>	<b>28.63%</b>
<b>Commercial IT Median</b>	<b>3.69%</b>	<b>31.27%</b>

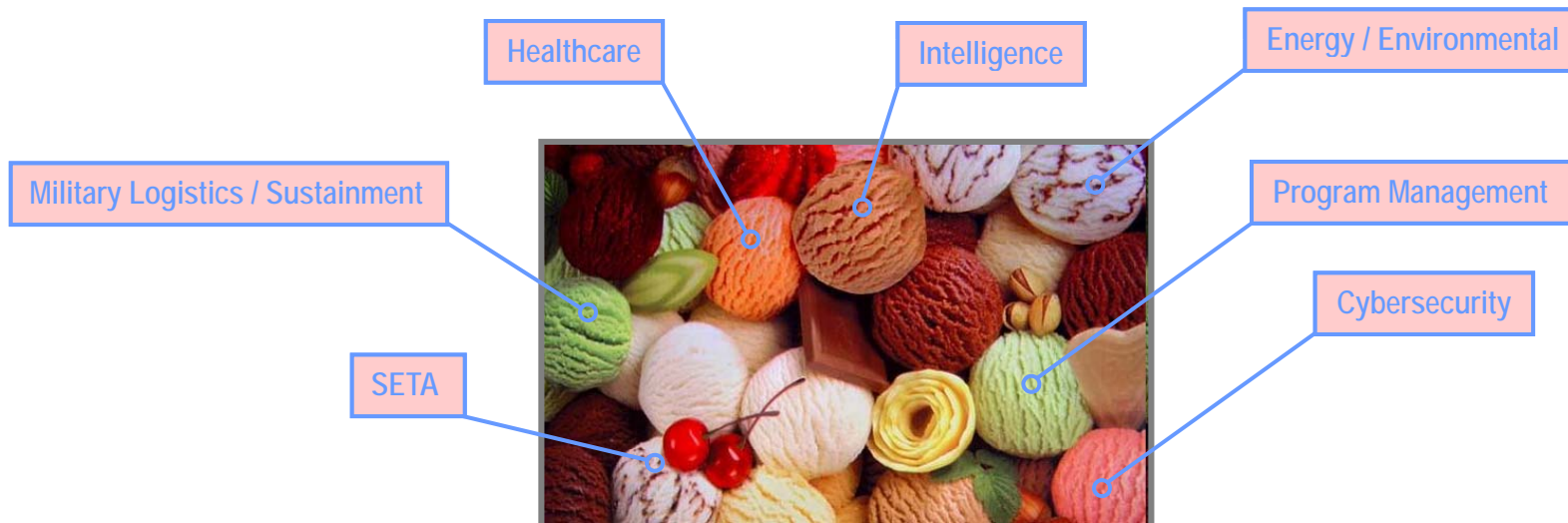
<sup>1</sup> – TTM through March 31, 2007



- A broad market with many markets within markets; ability to build “portfolios” to create balanced and consistent growth
- Highly fragmented at the bottom of the industry; creates consolidation opportunities
- Mid-tier of the industry recycles with new, growing companies
- Government-sponsored small business incubation
- Divestiture cycle will create new opportunities
  - Government pressure to resolve OCI issues
  - Non-core business lines will be jettisoned



## Government Market Overview



## Depth & Breadth of Leadership

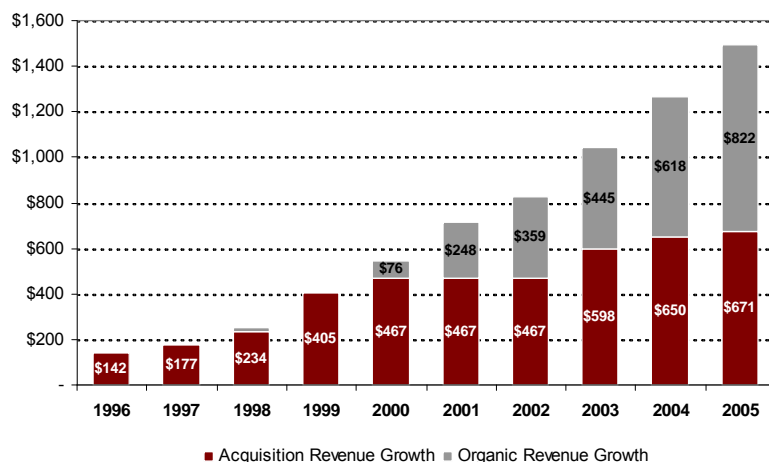
- Executives who have “been there, done that”
- Large contractors with business unit managers ready to run entire companies
- Industry leaders characterized by high levels of ethics, deep experience, humility and dedication to the mission
- Government contracting executives: They stay in the league and they don’t retire...
  - Walter Batson
  - Phil Odeen
  - Bob Stevens
  - Mike Daniels
  - George Pedersen
  - Bill Swanson
  - Jack London
  - Ralph Shrader
  - John Toups



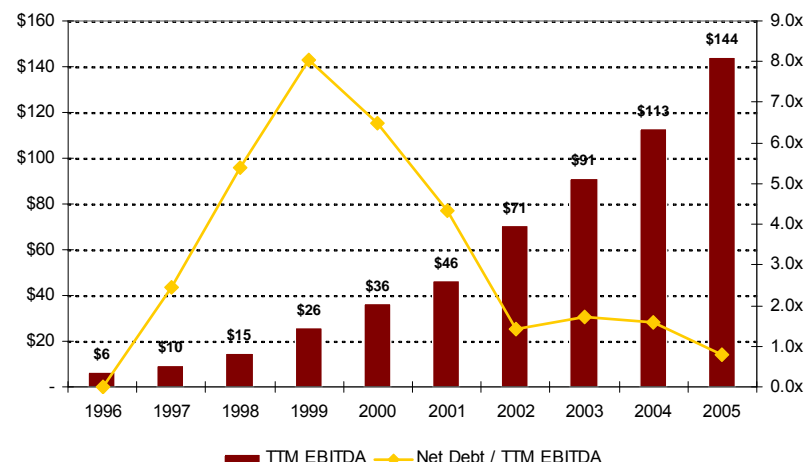
## Case Study: Critical Mass

- **Caxton-Iseman** began the creation of **Anteon International** in 1996 with the acquisition of **Ogden Professional Services**
- Completed nine subsequent acquisitions between 1996 and 2005
  - Added approximately \$700 million of revenue via acquisition
- Issued \$100m in senior subordinated notes in 1999 to finance acquisitions
- Completed \$270 million IPO in 2002
  - Offering valued Anteon at approximately \$630 million, 13.6x 2001 EBITDA of \$46.4 million
- **General Dynamics** acquired Anteon International for \$2.2 billion in cash in 2006
  - Approximately 15.7x EBITDA

Acquired & Organic Revenue Growth



EBITDA Growth & Leverage





## Case Study: Differentiation

- **CM Equity** backed a management buyout of **ICF Kaiser International's** Consulting Group in 1999
  - Consulting Group provides energy, information technology, environmental, economic, and community development consulting services to governmental and commercial clients
  - Total transaction value of \$70.6 million
  - Business had trailing revenues of \$105.4 million
- ICF has completed ten acquisitions since 1999
- Completed \$56 million IPO in 2006
- Completed \$76 million secondary offering in 2009
- ICF currently valued at approximately 9.0x estimated 2010 EBITDA of \$73.9 million (\$663 million enterprise value)
  - Net Debt / EBITDA of approximately 3.0x trailing EBITDA
- Successfully used public equity markets and bank credit lines to finance acquisition growth

- Veritas acquired **MZM, Inc.** in September 2005 to be the core of the new **Athena Innovative Solutions**:
- Subsequent acquisitions included:
  - **IPA International, Inc.**
    - Provider of technical and analytical services in the areas of counter-terrorism, counter-proliferation, counter-narcotics, advanced technology assessment, WMD trade and transfer analysis
    - Founded as a public-policy research institute at the University of Oregon in 1976
  - **Business & Defense Security Corp.**
    - Specialists in threat analysis and risk management for the private and public sectors
- Developed into attractive mid-size company with five focus areas:
  - Human Intelligence
  - Counterintelligence
  - Counterterrorism
  - All-source analysis
  - Strategic Policy Development
- **CACI International** acquired Athena in September 2007 for \$200 million in cash, almost 2x 2007 revenues
- Combining smaller businesses focused on higher-end intelligence services quickly created a valuable entity

- **Arlington Capital** acquired **IT Solutions** in 2003 as a platform for its **Apogen** consolidation strategy
- Was able to acquire companies with predominantly small business set-aside contracts for low multiples (<5x EBITDA)
  - Successfully transitioned IT Solutions' small business set-aside contract base to full & open contracts
  - Transitioned set-aside contracts through recompetes or won transition vehicles
- Followed-up with acquisition of **Science & Engineering Associates** in 2004
- **QinetiQ** acquired Apogen Technologies in 2005 for approximately \$300 million
  - Apogen had 2004 revenues of \$205 million
- Starting with small businesses and aggressively transitioning to full & open created value, allowed for quick exit

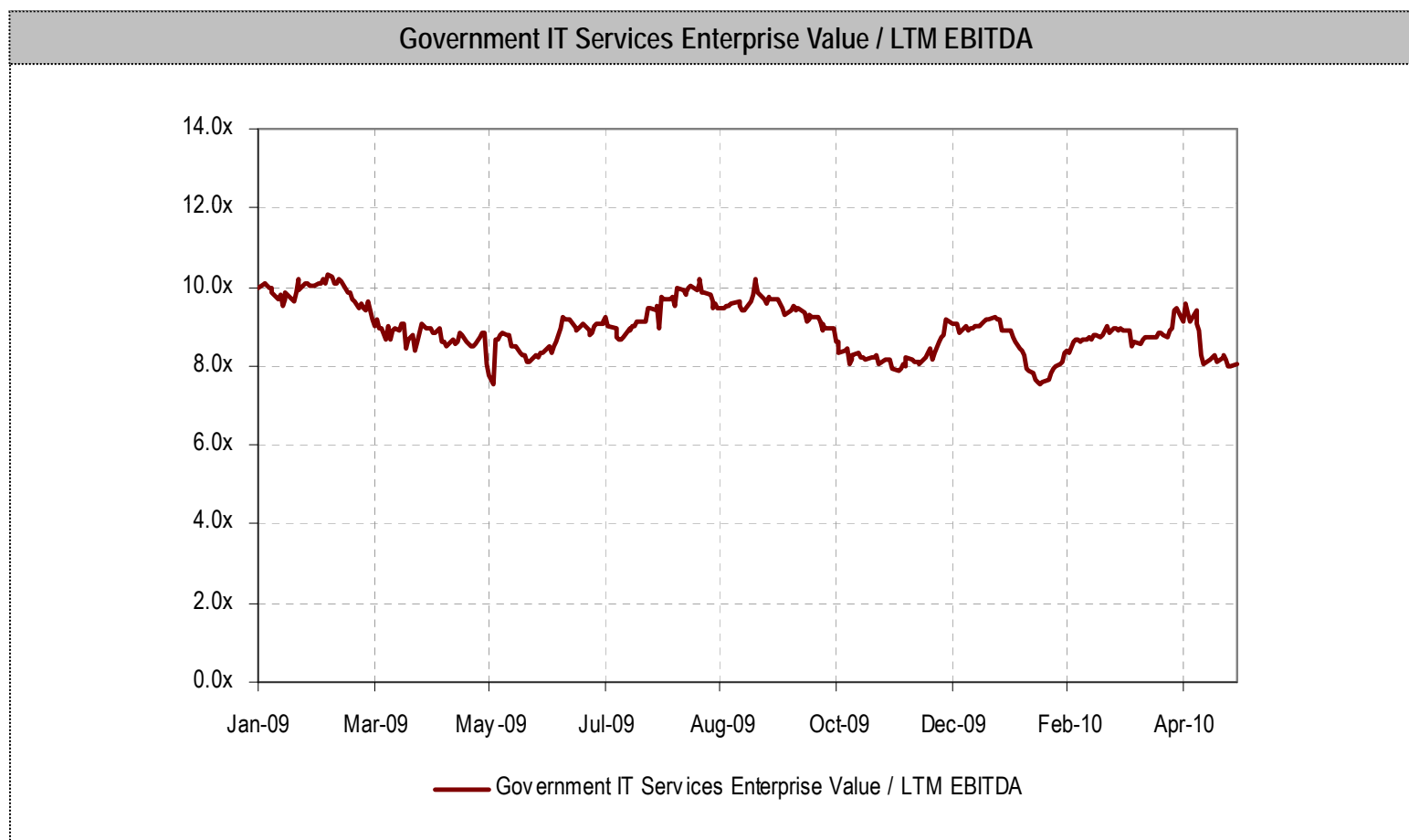


## Case Study: OCI

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- **New Mountain Capital** acquired **Camber Corp.** in December 2008
- Camber, founded in Huntsville in 1990, is a provider of professional and management services, information technology, engineering, and advanced training solutions to federal government agencies
- Camber is ideally positioned to benefit from intensifying government focus on OCI-related issues and the mitigation of potential conflicts
- Subsequent acquisitions have included:
  - **i2S, Inc.**
    - Provider of IT, engineering and professional services to the National Security Agency (NSA), and other intelligence community and law enforcement clients
  - **Veritas Analytics, Inc.**
    - Provider of mission critical all-source intelligence analysis and risk assessment services
- Acquisitions have helped to enhance Camber's National Security Group and establish the Company as a trusted advisor to the government on matters related to cybersecurity

- Despite volatility in the broader markets, valuations in the government services sector have remained relatively stable:





## ■ Capital Markets Opening

- Recent high yield offerings include
  - ManTech \$200MM high-yield offering
  - Kratos Defense & Security Solutions \$225MM high-yield offering
- Equity Offerings
  - Recent equity offerings include Global Defense Technology & Systems (IPO, Nov '09) and ICF International (Secondary, Dec '09)
  - Upcoming equity offerings could include TASC, KEYW, and Camber

## ■ M&A Activity Increasing:

Mid-Tier	Cybersecurity	Program Mgmt. / SETA	Energy / Environmental	Private Equity
<ul style="list-style-type: none"> <li>▪ Stanley / CGI-AMS</li> <li>▪ DynCorp / Cerberus</li> <li>▪ BBN / Raytheon</li> <li>▪ CapRock / Harris</li> </ul>	<ul style="list-style-type: none"> <li>▪ Seismic / APSG</li> <li>▪ Jacob &amp; Sundstrom / ICF</li> <li>▪ CloudShield / SAIC</li> <li>▪ Arogetek / Cobham</li> <li>▪ TRS Consulting / NCI</li> </ul>	<ul style="list-style-type: none"> <li>▪ TASC / KKR</li> <li>▪ MCR / Harrison Street</li> <li>▪ Camber / New Mountain</li> </ul>	<ul style="list-style-type: none"> <li>▪ Perrin Quarles / SRA</li> <li>▪ R.W. Beck / SAIC</li> <li>▪ PT&amp;C / Hancock Park</li> </ul>	<ul style="list-style-type: none"> <li>▪ ITSolutions / Snow Phipps</li> <li>▪ Booz Allen / Carlyle</li> <li>▪ KeyPoint / Veritas</li> <li>▪ SMS / RLH</li> <li>▪ Six3 Systems / GTCR</li> </ul>

# Valuation Analysis

- **Current market dynamics have resulted in a “bifurcated” market as acquirers shift their focus to specialized versus generalist businesses**
  - Companies with impressive growth prospects and specialized products or capabilities continue to garner attractive valuation multiples
- **Valuations for less specialized companies have receded from the historic high levels of the past several years**

## Highly Specialized Companies

### 8x - 10x +

- ✓ *Technology Discriminator*
- ✓ *Significant Revenue Visibility and Growth*
- ✓ *Specialized Capabilities*
- ✓ *Hard to Penetrate, Sought-after Customers*

- The robust, streamlined sale processes that have become commonplace over the last several years continue
  - Many strategic buyers do not require outside financing
  - Maximum process leverage

## Less Specialized Companies

### 6x – 8x

- ✓ *Size*
- ✓ *Revenue Concentration*
- ✓ *Less Specialized Capabilities*
- ✓ *Set-aside Revenue*
- ✓ *OCI / Insourcing Risks*
- ✓ *Slower Growth*

- Ability to push valuation into top category requires an extremely disciplined process designed to find the most strategically motivated buyer



## Potential Deal Killers

---

- Due Diligence Risks
  - Incorporation status
  - Service Contract Act
  - Inadequate export procedures
  - Set-aside uncertainties
  - Improper employee classification
- Series of individually minor issues can create major “perception” problems
- Preparation is key to avoiding a due diligence catastrophe
- Virtually every issue that can arise during due diligence is solvable – Do not leave things to chance!



### **John Allen**

*Co-Head, Defense & Government Services*

#### **BB&T Capital Markets | Windsor Group**

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Suite 700

Reston, Virginia 20190

(703) 471-3853

[jallen@bbandtcm.com](mailto:jallen@bbandtcm.com)



# *Elements for Success in Small Business*

**A.R. (Rey) Almodóvar, P.E.**  
**Chairman & CEO**  
**May 26, 2010**



- Introduction - Background
- *INTUITIVE* – Our Path
- Elements for Success
  - ☐ Clear Vision
  - ☐ Superior Knowledge
  - ☐ Solid Foundation
  - ☐ Strong Leadership
  - ☐ Best Employees
  - ☐ Outstanding Customer Service
  - ☐ Positive Relationships
  - ☐ Plan for Success
  - ☐ Manage Growth
- Summary
- Questions

- Born, raised and educated in Puerto Rico
- Arrived in Continental USA in 1984 after completing BS in Industrial Engineering
- Joined Federal Service in 1984 at the U.S. Army School of Engineering and Logistics
- Aerospace and Defense assignments as a U.S. Army civilian include (1984-1999):
  - ☐ Production Engineer at Red River Army Depot
  - ☐ Instructor of Industrial Engineering
  - ☐ Production engineer providing on-site technical, production and programmatic support to weapon systems such as the MLRS and the PAC-3 missile
  - ☐ Lead for AMRDEC - Aviation Manufacturing Technology Branch
- Education:
  - ☐ Bachelor of Science Degree in Industrial Engineering, University of Puerto Rico
  - ☐ Master of Science in Industrial Engineering, University of Arkansas
  - ☐ Master of Science in Business from Texas A&M University - Texarkana
- Separated from Federal Service in May 1999
- Founded *INTUITIVE* in June 1999 (President 1999-2007, CEO 2007 – Present)



[www.irtc-hq.com](http://www.irtc-hq.com)

## INTUITIVE (1999 – 2002)

Certified as a Small and Disadvantaged Business.  
Huntsville Operations established at Executive Plaza  
Co-Founder Harold R. Brewer joins the company as  
Vice President and Director of Huntsville Operations

**INTUITIVE** is founded  
and begins operations  
June 1999 in Grand  
Prairie, TX providing  
technical support to  
the PAC-3 Project Office

Facilities relocated to Progress  
Center Industrial Park.  
**INTUITIVE** begins providing  
quality and production  
engineering support services  
to Redstone

Certified by the  
SBA as an 8(a)  
Company

Received  
First 8(a)  
Contract

**1999**

Emp: 1  
Rev: \$34K

**2000**

Emp: 3  
Rev: \$440K

**2001**

Emp: 7  
Rev: \$921K

**2002**

Emp: 24  
Rev: \$2.57M

[www.irtc-hq.com](http://www.irtc-hq.com)





[www.irtc-hq.com](http://www.irtc-hq.com)

## INTUITIVE (2003 – 2006)

Received first Small Business Innovative Research (SBIR) project to the Missile Defense Agency.

Ranked #75 on the Inc. 500 List and the 2<sup>nd</sup> Fastest Growing Hispanic Owned Business in the USA

INTUITIVE received AMCOM EXPRESS Programmatic BPA

Ranked #21 in Hispanic Magazine Fastest Growing Hispanic Companies

Received a GSA Professional Engineering Services contract

Received Letterkenny BPA contract

Ranked #157 on the Inc. 500

**2003**

Emp: 38  
Rev: \$7.8M

**2004**

Emp: 69  
Rev: \$8M

**2005**

Emp: 73  
Rev: \$9.3M

**2006**

Emp: 87  
Rev: \$14.25M

[www.irtc-hq.com](http://www.irtc-hq.com)



[www.irtc-hq.com](http://www.irtc-hq.com)

## INTUITIVE (2007 – 2010)

- Winner – Family Friendly Business Award
- Ranked #37 on AARP 50 Best Employers for Workers Over 50

- Winner Better Business Bureau Torch Award
- Tommie Newberry joins *INTUITIVE* as Executive Vice President

Received LTPO & AMRDEC Task Orders

Winner Best Places to Work Award (2009)

Named National SBA Prime Contractor of the Year

Ranked #17 on AARP 50 Best Employers for Workers Over 50

Expanded Colonial Center facilities to 32,874 Square Feet

10 Year Anniversary

Winner Best Places to Work Award (2010)

**2007**

Emp: 110  
Rev: \$16.4M

- Relocated to Colonial Center, a 25,000 Square Feet Facility
- Received ISO Certification

**2008**

Emp: 141  
Rev: \$43.4M

- Winner – Best Places to Work Award (2008)
- CEO named to the Top 100 Latino Entrepreneurs List

Received AMCOM EXPRESS Technical BPA.

**2009**

Emp: 167  
Rev: \$79.7M

Ranked #20 - Hispanic Business List of 100 Fastest Growing Hispanic-Owned U.S. Businesses

Dr. Albert Killen joins *INTUITIVE* as Senior Vice President

**2010**

Emp: 175  
Rev: \$ 100M (est.)

[www.irtc-hq.com](http://www.irtc-hq.com)



[www.irtc-hq.com](http://www.irtc-hq.com)

# Elements for Success

[www.irtc-hq.com](http://www.irtc-hq.com)

## Dream, Document and Implement Your Vision

- Have a passion for your business
  - ❑ Passion for product or service, industry or entrepreneurship
- Share your vision with your employees, customers, suppliers and family
- Be enthusiastic about your vision through ups and downs
- Be Persistent and Perseverant

- Know your company
  - ☐ Pay attention to the financial details
  - ☐ Understand your business and capabilities
  - ☐ Understand your discriminators, strengths, weaknesses
- Know your market
  - ☐ Develop a keen ability to identify, assess and capture opportunities
- Know your customer(s) and their business model
- Know your competitors (discriminators, strengths and weaknesses)

*Strive to know more about your company, market and industry than anyone else.*

- Integrity
  - ☐ Be fair and honest with everyone
  - ☐ Select ethical Team Member and Partners
- Choose Your Customers Wisely
- Hire Qualified People
- Strong Ethical Leadership
- Be Committed to the Warfighter
- Be Responsible, Legal and Ethical
- Support the Community
  - ☐ Give generously, Mentor the Youth



Winner, Better Business  
Bureau Torch Award for  
Workplace Ethics 2007





[www.irtc-hq.com](http://www.irtc-hq.com)

## Strong Leadership



**A.R. (Rey) Almodóvar, P.E.**  
Co-Founder, Chairman and  
Chief Executive Officer



**Harold R. (Hal) Brewer**  
Co-Founder and President



**COL (R) Tommie Newberry**  
Executive Vice President



**Dr. Albert (Al) Killen**  
Senior Vice President

- Successful civilian, military and business careers
- Over 100 years of combined experience in the Aerospace and Defense Industry
- Strong educational background in engineering and management
- Experience managing large and complex weapons systems
- Proven track record in engineering, acquisition and technical management

[www.irtc-hq.com](http://www.irtc-hq.com)

## Hire the Best Employees

- Your Greatest Asset
- Screen Rigorously
- Highly Capable
- Challenging Positions
- Communicate Individual Value
- Develop Talents
- Educate and Train
- Recognize and Reward



Winner in Huntsville / Madison Best Places to Work, 2008, 2009, 2010

2007, 2008, 2009  
AARP  
50 Best  
Employers for  
Workers Over 50  
in the USA



Winner AARP Bernard E. Nash  
Award for Innovation for Retiree  
Work Opportunities



## Outstanding Customer Service

- Provide Quality Products and Services
- Be true to your word
- Add value to your Customer's experience
- Flexible to change
- Be Responsible
- Keep your customers out of trouble
- Help your customers grow
- Be Loyal

*Successful companies have an intense focus on customer service.*

## Positive Relationships

- Establish Strong and Positive Relationships
  - ☐ Customers
  - ☐ Employees
  - ☐ Bank and sources of funding
  - ☐ Advisors
  - ☐ Vendors
  - ☐ Governing Organizations (DCAA, DCMA, SBA, Others)
- Your number one priority as a business owner and entrepreneur is to establish long term relationships internally and externally
- Be respectful of everyone above and below you

- Set Goals
  - ☐ Near Term
  - ☐ Mid Term
  - ☐ Long Term
- Develop Business Plan
  - ☐ Review several times a year
  - ☐ Update annually as required
- Learn to recognize problems and obstacles early
- Develop strategies to quickly guide business through difficulties

- Build Infrastructure that aligns with your vision
  - ☐ Avoid being too “Top Heavy” early – Wear Many Hats
  - ☐ Develop the infrastructure ahead of the Company’s growth
    - Accounting / Finance
    - Human Resources
    - Contracts
    - Marketing / Business Development
    - Information Technology
    - Security
- Secure the advice of experts
  - ☐ CPA, Attorney, Consultants
- Gain Accreditations (ISO, CMMI, etc)
- Be Process Dependent - Develop and document sound processes

## How to Be Successful

- Be committed to your business – Communicate your commitment
- Develop positive long term relationships
- Successful entrepreneurship is hard and challenging but can be very rewarding
- Enjoy what you are doing ..... Have Fun!
- Brand a Corporate culture of pride and excellence
- Engage in activities that are legal, ethical and profitable
- Be selective with your employees, team members and customers
- Protect your Company, your employees and your customers
- Develop a strong leadership team – Trust their judgment
- Visualize and plan for success



[www.irtc-hq.com](http://www.irtc-hq.com)

# Questions?

[www.irtc-hq.com](http://www.irtc-hq.com)



# Holland & Knight

**National Defense Industrial Association (NDIA)  
7th Annual National Small Business Conference**

## **Current M&A Environment and Trends in Defense M&A Deal Terms**

**Adam J. August | William J. Mutryn**

**Corporate and Merger & Acquisitions Practice Group**

**(703) 720-8600 | [www.hklaw.com](http://www.hklaw.com)**

**May 25-26, 2010**

**Huntsville, AL**

# About Holland & Knight

- Global law firm with nearly 1,000 attorneys in 17 U.S. offices and Abu Dhabi, Beijing and Mexico City
- Represented parties in approximately 100 M&A transactions involving Government Contractors over the last 5 years
- Corporate, M&A and Securities Group: 20 attorneys in the Mid-Atlantic Region and 120 nationally focusing on serving the middle market companies in M&A transactions, securities, finance and corporate governance
- Experienced attorneys in tax, employee benefits, government contracts, intellectual property, environmental, real estate, employment and antitrust to perform M&A transactions
- Securities: focuses on advising middle-market companies regarding SEC reporting and compliance, public offerings of securities, high yield debt offerings, and private placements



# Trends In Defense M&A Terms

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- A Broad Array of Buyers in the Marketplace:
  - Defense primes and Tier 2
  - Private or small cap public strategic
  - Private equity sponsors and portfolio companies
  - Former sellers re-entering the marketplace
  - Foreign
  - Primarily commercial/diversified

# Trends In Defense M&A Terms

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- Buyers Are Seeking Firms That Will Provide:
  - Additional customer relationships and contract vehicles
  - New capabilities and experience base
  - New product or service offerings
  - Revenue and EBITDA Growth
  - Technologies that provide competitive advantages
  - Platform with management talent
  - Geographic diversification

# Trends In Defense M&A Terms

## Factors That Affect M&A Transaction Terms:

- Competitive demand for Target, e.g., auction process vs. single purchaser
- Risk tolerance and historical practices of particular Purchaser
- Composition of Seller group
- Importance of management retention
- Nature and magnitude of perceived business and legal risks
- Overall Target preparation and compliance posture
- Willingness of parties to negotiate and find creative solutions
- Valuation of Target by Purchaser

# Trends In Defense M&A Terms

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What Factors Are Causing firms to Consider a Sale?

- Changes in forecasts for Defense budget
- Impending increases in capital gains tax
- Competitive challenges: pricing, business development
- Program uncertainty
- Adequate valuation levels
- Robust demand from potential purchasers

# Trends In Defense M&A Terms

What Factors Are Causing Firms to Consider Purchasing?

- Government is a safe haven with some predictability in spending
- Strategic Buyers have available cash earnings shall return
- Private Equity Sponsors have unused commitments and available financing
- Valuations are down from highs
- Strategic Buyers have pressure to maintain growth
- Private Equity Sponsors have witnessed recent history of favorable returns
- Strategic Buyers' need for technology and intellectual property

# Trends In Defense M&A Terms

## Macro Trends:

- Robust Activity – many firms are either Purchasers or Sellers
- Purchasers are VERY PARTICULAR – seeking the right deal at the right price
- Increased challenges for deals to be completed
- 2-Tiers of companies for valuation purposes
- Purchasers seeking stronger risk protection terms
- 10 principal trends in transaction terms

# Trends in Defense M&A Terms

## **Trend 1: More Extensive Negotiation of a More-Detailed Letter of Intent or Term Sheet**

- Frequently follows some due diligence by Purchaser
- Items addressed:
  - Structure, purchase price and consideration and assumptions behind purchase price
  - Escrow or holdback
  - Working capital requirements
  - Principal closing conditions

# Trends in Defense M&A Terms

*Trend 1, Letter of Intent/Term Sheet, continued...*

- Indemnity caps, baskets and survival periods
- Non-competes and key employee retention
- Due diligence process
- Exclusive negotiation period
- Exclusivity Period may be staged based on completion of diligence, financing commitment and distribution of draft documents
- Parties' mutual interests to avoid future surprises on major terms



# Trends in Defense M&A Terms

## **Trend 2: Increased Sophistication Purchaser Due Diligence and Concentration on Critical Areas:**

- Revenue waterfall
- Backlog, including program assessment
- Contract terms, including set-aside restrictions, OCI analysis
- Margin sustainability and adequacy of business infrastructure
- Customer relationships and insourcing risk
- Key employee skills and employment continuity

# Trends in Defense M&A Terms

*Trend 2, Purchaser Due Diligence, continued...*

- Taxes: income, foreign, sales and use
- Focus on compliance:
  - Government contracts
  - Employment
  - Employee benefits
  - Export controls
  - FCPA
- Capitalization
- Intellectual Property
- IT system adequacy and security

# Trends in Defense M&A Terms

## **Trend 3: Increased Escrow and Other Protections for Purchaser from Post-Closing Losses**

- Escrows/Holdbacks –previously 5% to 10% but now frequently 10% to 20% of purchase price; generally held for 18 months or more to secure indemnity claims and working capital deficiency
  - Some Purchasers seeking holdbacks or seller financing instead of escrows to reduce financing required
  - Specific subaccounts for identified risks: working capital, general indemnity claims, other identified risks, such as ongoing audits or litigation

# Trends in Defense M&A Terms

*Trend 3, Purchaser Protections, continued...*

- Duration of escrow or holdback varies based on perceived risks
- Ability for Purchaser to extend escrow or holdback if good faith basis for claim
- Escrow/holdback amount typically higher if it is the principal or exclusive source of any recovery for indemnity claims

# Trends in Defense M&A Terms

## **Trend 4: Increased Emphasis on Employee Retention**

- Many Purchasers require as a closing condition that key employees of Target execute retention agreements and a percentage of other direct employees sign standard employee agreements
- Retention or bonus agreements generally contain stay-bonus provisions plus non-solicitation covenants with respect to customers and employees
- Highest level key employees may be required to sign employment agreements as a closing condition, particularly if Purchaser is private equity firm or smaller cap strategic

# Trends in Defense M&A Terms

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## *Trend 4, Employee Retention, continued...*

- Bonus payments sometimes are based on percent of entire management group that remains employed after period of time as well as other performance metrics
- Private equity Purchasers may require or encourage purchase of equity by key managers
- Strategic Purchasers often grant stock options or restricted stock to key employees

# Trends in Defense M&A Terms

## Trend 5: Continued Use of Earn-Outs

- Earn-outs – used by selected Purchasers if extraordinary growth projected, set-aside contracts or to bridge valuation gap
  - More widespread use by private equity and small and mid-tier strategic buyers willing to pay upside if financial projections are achieved or key contracts are maintained or migrated
  - Earn-out covenants in general becoming less restrictive to Purchaser; however covenants more extensive if EBITDA-based earn-out
  - Can be event-based or performance-based; usually no longer than 2 years from closing
  - Performance-based earn-outs based on revenues, gross profits, contribution margin or EBITDA
  - Earn-outs used less frequently by strategic buyers that prefer near-term integration of Target

# Trends in Defense M&A Terms

## **Trend 6: Purchaser's Concerns with Set-Aside Contracts Continues**

- Set-aside contracts and task orders generally afforded significantly-reduced value compared to full and open contracts
- Some Purchasers will not acquire Target with a material percentage of set-aside revenues
- Earn-outs payable on continuation of contracts, exercise of options and/or migration to full and open
- Concern over full and open contracts where customer takes small business credit
- More extensive customer due diligence conducted to examine
- Certain small businesses, owners without other affiliates or Native American firms may have ability to afford higher value for certain set-aside contracts



# Trends in Defense M&A Terms

## **Trend 7: Use of Creative Tax Structures to Achieve Step Up in Basis and Deferral of Rollover Equity**

- Many Purchasers attribute value to availability of step-up in basis of Target's assets from IRS Section 338(h)(10) or 754 election
- In transaction with rollover equity, creative tax structures have evolved to enable tax deferred treatment of rollover equity, in some cases even where there is a Section 338(h)(10) or 754 election
- Careful tax examination by Sellers of effects of Section 338(h)(10) election and installment sales treatment required
- Plus-up by Purchaser for portion of adverse tax effects occurs in many transactions

# Trends in Defense M&A Terms

## **Trend 8: Continued Importance of Target's Net Working Capital or Tangible Net Assets At Closing**

- Usually determined based on cash-free, debt-free net working capital of business over an agreed period before closing
- Most Purchasers seek to exclude or limit deferred tax assets
- Some Purchasers require an adjustment if Accounts Receivable not collected within an agreed time
- Reserves to be in accordance with GAAP
- Separate escrow or holdback to serve as payment source if a deficiency

# Trends in Defense M&A Terms

*Trend 8, Net Working Capital/Net Assets, continued...*

- Tax benefits from option termination payments and transaction bonus payments usually allocated to Sellers
- Built-in-gains tax or cash-to-accrual tax adjustment arising as a result of transaction usually included as liability
- Usual forms of adjustments:
  - (i) Both upward and downward;
  - (ii) Downward only; or
  - (iii) No adjustment if within range

# Trends in Defense M&A Terms

## **Trend 9: Trend Toward Increased Protection to Purchasers for Indemnity Claims**

- Survival Periods
  - General Reps and Warranties – 1 to 3 years
  - Fundamental reps, including capitalization, authority, title, brokers, absence of debt – indefinite or statute of limitations
  - Tax, ERISA, environmental – 30 to 60 days past statute of limitations
  - Government Contracts – as negotiated: same as general, 3 to 5 years, or statute of limitations

# Trends in Defense M&A Terms

## *Trend 9, Purchaser Protections, continued...*

- Pre-closing covenants – indefinite or same as general
- Post-closing covenants and special indemnities – indefinite or statute of limitation
- ESOP-owned Target or widely-held Target in competitive auction – reps and warranties survive until escrow/holdback released, except for Fundamental
- Public Target – representations and warranties do not survive closing
- Indemnification
  - Sellers – typically joint and several, sometimes several (if limited number of Sellers); Widely-held or ESOP-owned – indemnification usually limited to escrow or holdback
  - Cap – typically 10% to 30% of purchase price for general representations based on circumstances

# Trends in Defense M&A Terms

## *Trend 9, Purchaser Protections, continued...*

- Potential exclusions from cap and/or basket: capitalization, authority, title, breach of covenants, fraud, willful misconduct, tax, ERISA, environmental, ongoing litigation/investigation/claims, special indemnities; Government Contracts may be treated in different ways based on circumstances
- “Materiality” scrape – elimination of “materiality” qualifiers for determining breach or loss becoming more frequent
- Basket – negotiated amount (generally 0.25% to 1.00% of purchase price) – deductible or first dollar (tipping basket)
- Minimum claim size becoming less frequent
- Anti-sandbagging provision is very rare in Government M&A deals

# Trends in Defense M&A Terms

## **Trend 10: Private Equity Transaction Structures Continues to Use Leverage and Investment by Sellers and Key Employees**

- Increased availability of senior and mezzanine debt in 2010 vs. 2009
- Consideration frequently consists of:
  - Cash
  - Subordinated notes
  - Rollover equity
  - Equity investment by key executives
  - Earn-outs

# Trends in Defense M&A Terms

*Trend 10, Private Equity Transaction Structures, continued...*

- Opportunity for “2 Bites at the Apple” by Sellers and equity appreciation by key executives
- Subordinated Notes – payment terms and subordination provisions may be among most heavily negotiated items
- Rollover Equity – usually *parri passu* to or one level behind sponsor and subject to shareholders agreement
- Management fees and transaction fees paid to sponsor



# Trends in Defense M&A Terms

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## Conclusions:

- Prevailing trends can be helpful to provide guidance in formulating party's negotiating strategy
- Resulting terms reflect the particular circumstances, bargaining power and practices of the parties involved
- Experienced financial, legal and accounting advisors can assist in developing creative compromises

# National Defense industrial Association

7th Annual National Small Business Conference

## *Doing Business With DHS & The Federal Government & Closing The Deal!!*

Anthony Bell  
Small Business Advocate  
May 26, 2010



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Security

# DOING BUSINESS WITH DHS & THE GOVT.

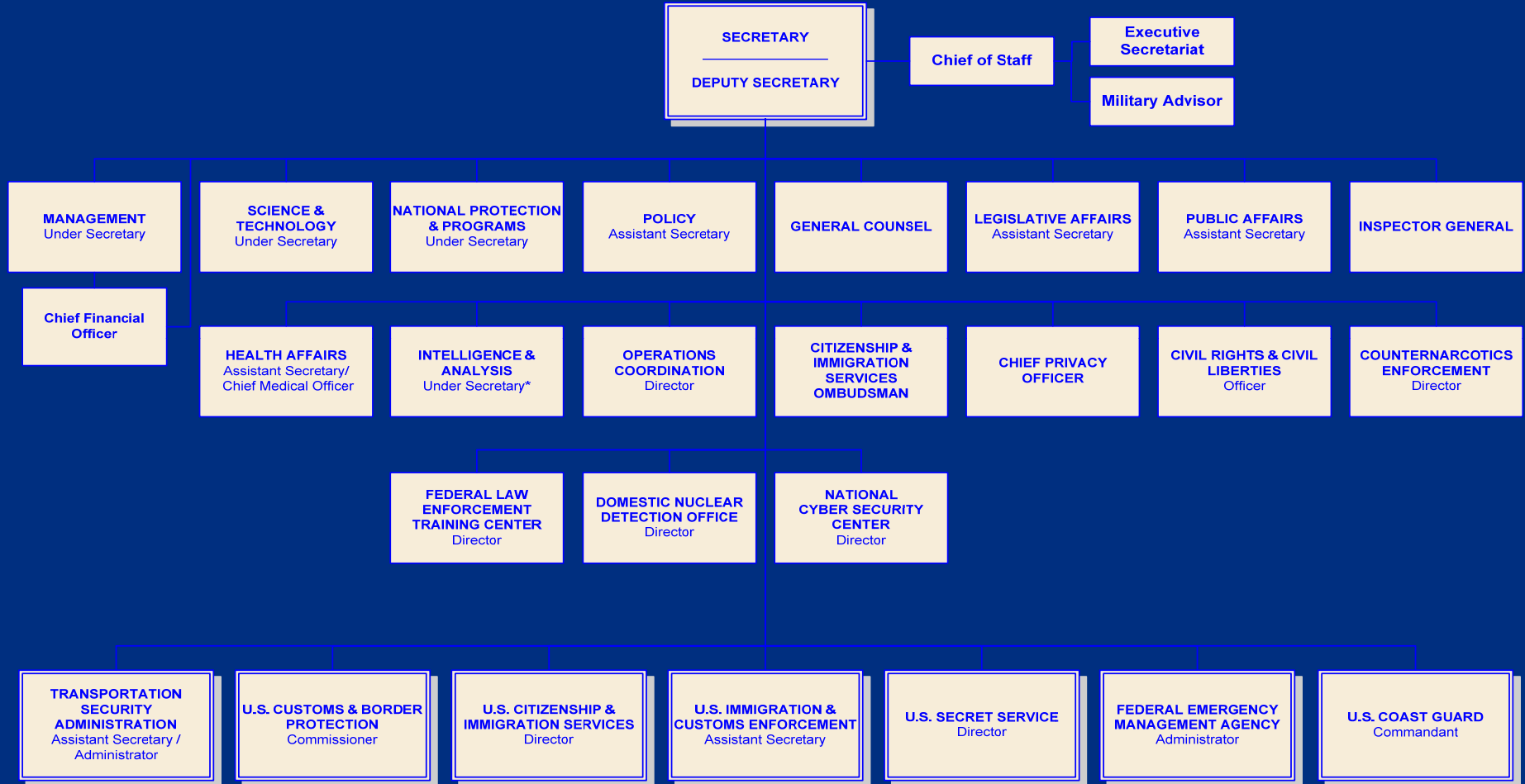
- **September 11, 2001:** Terrorists attack the United States
- **October 8, 2001:** President George W. Bush creates the White House Office of Homeland Security
- **November 19, 2002:** Congress passes legislation mandating the Department of Homeland Security
- **November 25, 2002:** President Bush signs the Homeland Security Act into law
- **January 24, 2003:** The department becomes operational
- **March 1, 2003:** Most component organizations merge to form the Department of Homeland Security



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# DOING BUSINESS WITH DHS & THE GOVT.

## U.S. DEPARTMENT OF HOMELAND SECURITY



\* Under Secretary for Intelligence & Analysis title created by Public Law 110-53, Aug. 3<sup>rd</sup>, 2007

Approved 3/20/2008



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# Federal Emergency Management Agency (FEMA)



Federal Emergency Management leads the federal government in preparing for, preventing, mitigating the effects of, responding to, and recovering from all domestic disasters, whether natural or man-made, including acts of terror



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# Transportation Security Administration (TSA)



The Aviation and Transportation Security Act established the Transportation Security Administration to protect the transportation system and ensure freedom of movement for people and commerce



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# U.S. Customs and Border Protection (CBP)

U.S. Customs and Border Protection is responsible for protecting the borders of the United States at and between official ports of entry. CBP is the front line in protecting against terrorists and instruments of terror



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# United States Secret Service (USSS)

The United States Secret Service protects the President, Vice President, and other dignitaries and designated individuals; enforces laws relating to obligations and securities of the United States; and investigates financial and electronic crimes



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# U.S. Citizenship and Immigration Services (USCIS)



U.S. Citizenship and Immigration Services secures America's promise as a nation of immigrants by granting immigration and citizenship benefits, promoting an awareness and understanding of citizenship, and ensuring the integrity of the immigration system



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# U.S. Immigration and Customs Enforcement (ICE)

As the largest investigative arm of the department, U.S. Immigration and Customs Enforcement uses immigration and customs authorities protect the American people by preventing illegal goods and people, including people with criminal records and terrorist connections, from entering the United States



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# United States Coast Guard (USCG)



The U.S. Coast Guard is the principal federal agency charged with maritime safety, security, and stewardship. The Coast Guard protects vital interests of the United States – the personal safety and security of our population, our natural and economic resources, and the territorial integrity of our maritime borders



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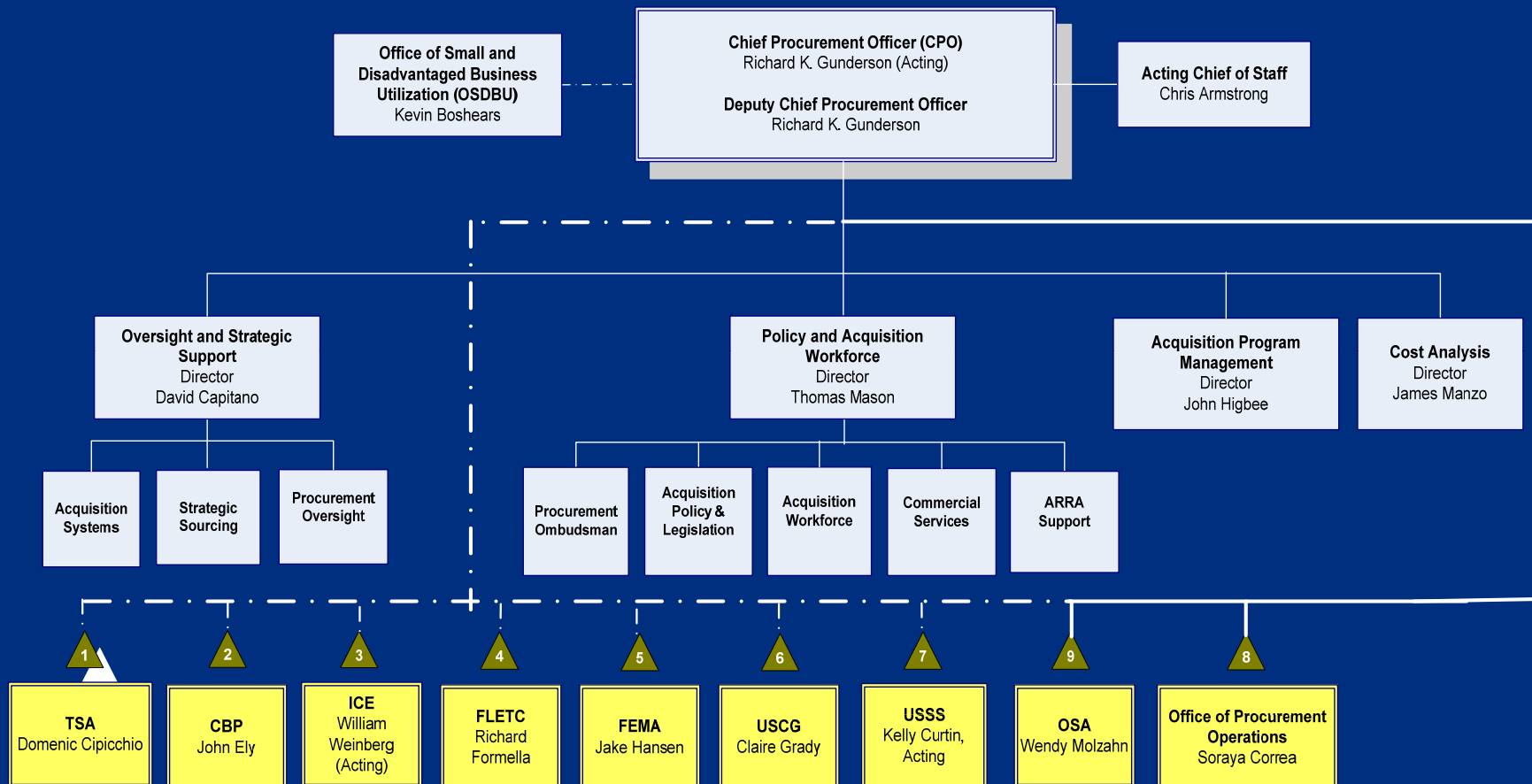
# DHS Small Business Prime Contracting Accomplishments – FY 2009 Preliminary

Category	Goal (%)	Accomplishment (\$)	Accomplishment (%)
Total Procurement Dollars	N/A	\$14,325,833,774	N/A
SB Prime Contracts	31.9%	\$4,608,845,692	32.2%
8(a) Contracts	4.0%	\$859,518,843	5.9%
SDB Prime Contracts [other than 8(a)]	4.0%	\$1,184,910,368	8.4%
SDB Prime Contracts [overall; including 8(a) contracts]	8.0%	\$2,044,429,211	14.3%
HUBZone SB Prime Contracts	3.0%	\$391,706,113	2.7%
SDVOSB Prime Contracts	3.0%	\$277,265,936	1.9%
VOSB Prime Contracts	N/A	\$626,880,008	4.4%
WOSB Prime Contracts	5.0%	\$1,138,608,469	7.9%



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# DOING BUSINESS WITH DHS & THE GOVT.



▲ DHS Heads of Contracting Activities



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# DOING BUSINESS WITH DHS & THE GOVT.

## Enterprise Acquisition Gateway for Leading-Edge Solutions (EAGLE)

- Multiple-award indefinite delivery/indefinite quantity (IDIQ) contract vehicle, specifically designed as the preferred source of information technology (IT) services for the majority of the Department of Homeland Security's (DHS') enterprise infrastructure and initiatives
- DHS awarded 53 IDIQs to both large and small vendors across the industry



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# DOING BUSINESS WITH DHS & THE GOVT.

## EAGLE II (cont.)

- Period of Performance
  - Five (5) year Base Period with one (1) two-year Option Period
- EAGLE II program maximum contract value of ~\$22 Billion
- Separate source selections resulting in small business and unrestricted contracts
- IT support services aligned with current and anticipated DHS CIO requirements
- Program management processes consistent with DHS Secretary's Efficiency Initiative



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# DOING BUSINESS WITH DHS & THE GOVT.

## EAGLE II – SMALL BUSINESS PROCUREMENT

- Functional categories aligned with topic areas and DHS designated small business sources

EAGLE II SMALL BUSINESS FUNCTIONAL CATEGORIES		8(a)	HUBZone	SDVOSB	All SB
FC1	Service Delivery including:	X	X	X	X
	➤ Integration, Software Design/Development, Operations & Maintenance				
FC2	Program Support				X
FC3	IV&V				X

- Prospective vendors can propose on one, any or all categories
- Contract award is limited to one functional category due to organizational conflicts of interest
- Specific technical requirements will be defined at the task order level



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## EAGLE II (cont.)

Vision for EAGLE II – Small Business includes both pre-award teaming and post-award teaming.

- The EAGLE II-Small Business pre-award core team:
  - For evaluation purposes, the core team is one (1) small business prime plus up to four (4) other small businesses
  - Prime does *not* have to be teamed with other firms from the same small business category
  - Core team must remain together for the life of the contract except for extraordinary circumstances with the Contracting Officer's consent



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# DOING BUSINESS WITH DHS & THE GOVT.

## Technical, Acquisition & Business Support Services (TABSS)

- Establish a Department-Wide Indefinite Delivery-Indefinite Quantity (IDIQ) Multiple Award Contract vehicle to provide technical, acquisition, and business support services.
- Coast Guard is conducting this department-wide acquisition
- Use of this contract vehicle will be limited to all DHS components
- Multiple unrestricted and small business set-aside awards
- The IDIQ contract will have an ordering period of five (5) years.



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# DOING BUSINESS WITH DHS & THE GOVT.

## TABSS (cont.)

### DOMAIN TRACKS:

- Program Management, Engineering and Technology Support Services Domain; Unrestricted Track
- Program Management, Engineering and Technology Support Services Domain; Small Business Track
- Program Management, Engineering and Technology Support Services Domain; preferred 8(a) Track
- Business, Financial Management and Audit Support Services Domain; Unrestricted Track



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# DOING BUSINESS WITH DHS & THE GOVT.

## TABSS (cont.)

### DOMAIN TRACKS:

- Business, Financial Management and Audit Support Services Domain; Small Business Track
- Business, Financial Management and Audit Support Services Domain; preferred SDV Track
- Contract Management Support Services Domain; preferred 8(a) Track

# DOING BUSINESS WITH DHS & THE GOVT.

## DHS Science & Technology Directorate's SBIR Program

SBIR FY10.2 solicitation, DHS SBIR-2010.2, was released on May 10, 2010. Closes June 24, 2010, 2:00 p.m., EDST.

Proposals are being sought in the following nine topic areas:

H-SB010-001: Detector for Smuggled Currency

H-SB010-002: Next Generation Vacuum Systems for Hand-held  
Mass Spectrometers

H-SB010-003: Large-Scale Network Survivability, Rapid  
Recovery, and Reconstitution



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# DOING BUSINESS WITH DHS & THE GOVT.

## DHS Science & Technology Directorate's SBIR Program (cont.)

H-SB010-004: Non-Detonable, Non-Hazardous, Low-Cost,  
Hexamethylene Triperoxide Diamine (HMTD)  
Training Aids for Canines

H-SB010-005: Automated Tool for Assessing Usability

H-SB010-006: Helmet with Embedded Active Display for  
Emergency Responders (HEADER)

H-SB010-007: Accelerating Deployment of DHS Center of  
Excellence Research through Advanced  
Business Practices



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# DOING BUSINESS WITH DHS & THE GOVT.

## DHS Science & Technology Directorate's SBIR Program (cont.)

H-SB010-008: Handheld Multisensor Wand for the Detection of  
Threat or Illicit Objects on Persons

H-SB010-009: Personal Situational Awareness App

### Point Of Contact:

Elissa I. Sobolewski, DHS SBIR Program Director

Phone: (202) 254-6768

Website: <https://www.sbir.dhs.gov>



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# DOING BUSINESS WITH DHS & THE GOVT.

- Review [www.dhs.gov/openforbusiness](http://www.dhs.gov/openforbusiness).
- Register on [www.fbo.gov](http://www.fbo.gov) to receive notices about DHS opportunities.
- Current in the Online Representations and Certifications Application (ORCA) at <https://orca.bpn.gov/>.
- Ensure your company is enrolled in the E-Verify Program, which can be found at <https://e-verify.uscis.gov/enroll/>.
- Be familiar with DHS contractor personnel security requirements.
- Accept the government purchase card (Visa or MasterCard).



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# DOING BUSINESS WITH DHS & THE GOVT.

- Make Contact (build relationships)
  - Introduce your firm and yourself to the agency Small Business Specialist in each target Agency
  - First send capability statement
  - Participate in targeted outreach activities



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# DOING BUSINESS WITH DHS & THE GOVT.

## WORDS OF ADVICE

- When all else fails, read the RFP!
- Follow the RFP instructions!
- Don't be afraid to ask for clarifications. (Your proposal evaluation will not be negatively influenced.)

Proposal should be clear, concise, and practicable (Keep it simple)



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# DOING BUSINESS WITH DHS & THE GOVT.

## RFP Language

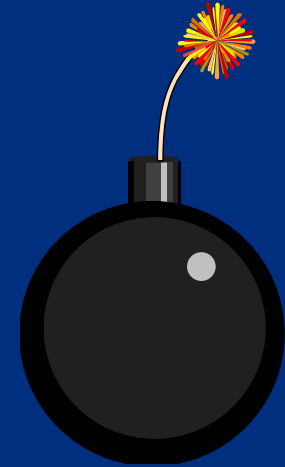
- Key Words:
  - Demonstrate: Has the offeror had experience in this area and what did they do?
  - Similar scope and complexity: Address contracts that best mirror the RFP. (Partials are better than nothing.)
  - Key personnel qualifications: Consider attributes required and does the person have it. Does the Project Mgr have solid management experience?



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# DOING BUSINESS WITH DHS & THE GOVT.

- Common Mistakes
- Failure to Address Past Performance
  - References
  - Project Description
  - Term and value
- Methodology
  - No corporate information or technical resources mentioned
  - Mention tools, but not how to use them
- Staffing Plan
  - No rationale or inconsistent rationale
  - Startup team is on temporary assignment
  - Allocation of staff to functions unclear



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Security**

# DOING BUSINESS WITH DHS & THE GOVT.

## Common Mistakes

### ■ Subcontractors

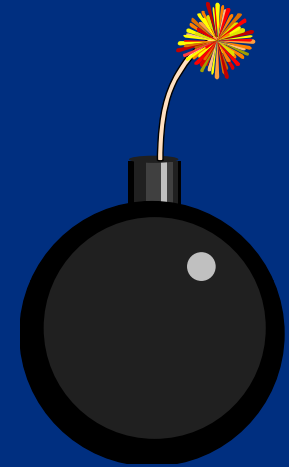
- Lack of coordination and cohesiveness
- Roles & responsibilities unclear
- Different incentives & benefits

### ■ Management

- Management layers too deep or complex
- No decision tree or workflow

### ■ Capabilities and Qualifications

- Ignoring an issue is easy to interpret negatively
- Address the issues surrounding the evaluation factors. Beyond these factors, there are no brownie points.
- If you answer all of the requirements, you are acceptable. What makes you outstanding?



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## DOING BUSINESS WITH DHS & THE GOVT.

- Not following font size and page count
  - Smaller font, while allowing more information, will be viewed negatively
  - Pages in excess of count will not be considered

- Make charts clear and
- understandable:

NOT like this; just KISS it



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# DOING BUSINESS WITH DHS & THE GOVT.

## Cost/Price Approach

- Propose on a supportable basis
- Data is accurate and complete
- Is it understandable?
- Is cost/price competitive?



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# DOING BUSINESS WITH DHS & THE GOVT.

## Contract Administration:

- Good news: You now have a Gov't contract
- Bad news: You now have a Gov't contract
- At the macro level:  
How well you execute your contract will determine future Gov't business



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# DOING BUSINESS WITH DHS & THE GOVT.

## Contract Administration:

- Request a post-award conference ASAP after award (set expectations)
- Work in a partnership mode with the COTR and the CO
- Deliver what you promised
- If asked to perform work that is outside the scope (technical or price), consult with the CO
- Submit invoices to the paying office identified in the contract and in proper format



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# Golden Rules

- Write proposal from a Gov't front-line COTR perspective, NOT from the corporate perspective
- Have a former Gov't COTR, or high level Contracts person review the proposal. (Someone not in the proposal writing process)
- In the final analysis, propose what the Gov't wants, not what you think we want
- Always request a “debrief”, understand what the Gov't thought of your proposal-BUT come to the table to learn not to “Protest”



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# Summary

- Gov't program dollars are declining given the balanced budget, therefore, the universe to propose on is shrinking
- Write the proposal from a Gov't technical point of view that emphasizes the requirements
- Address **ALL** the listed factors/subfactors in Section M, as amplified in Section L
- Convince the technical representative (COTR) that you understand what he/she wants and the firm is committed to delivering



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# Summary (cont.)

- Consider teaming, subcontracting, partnerships

And Finally...

# Deliver On The Promise!!!



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# ***Headquarters U.S. Air Force***

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*Integrity - Service - Excellence*

## **Air Force Small Business Outlook**

**Year of the Air Force  
Family**



**Mr. John Caporal  
Deputy Director  
Small Business Programs  
SAF/SB  
May 25, 2010**

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*Solutions of Choice*



# ***Agenda***

---

- **Beyond Goals**
- **Success Stories**
- **Mentor Protégé**
- **Small Business Data**
- **Major Challenges**



“...these traits make **small businesses** important to the Air Force. Our force thrives on innovation, to include areas like unmanned aircraft and cyber where it is increasingly difficult to keep pace with the breakneck speed of technological advances. Due to their size and narrow focus, **small businesses** can help us stay ahead by quickly adjusting to changing requirements and technologies, oftentimes with a personal touch.”

*Michael B. Donley, Secretary of the Air Force  
17 November 2009 Air Force Fall Training Conference*



# ***Vision and Mission***

- **Air Force Small Business Vision**

We will reach *Beyond Goals* to make Small Business the solution of choice to meet the needs of the Air Force mission

- **Air Force Small Business Mission**

To create and deliver strategies that bring innovative, agile and efficient Small Business solutions to the Air Force to fly, fight and win in air, space and cyberspace and it is exemplified through this *Beyond Goals* strategy

**Innovation - Agility - Efficiency - Economy - Diversity!**

*Integrity - Service - Excellence*





# ***Air Force Small Business Strategy***

## **Beyond Goals**

- Brings innovation, agility and efficiency of small businesses to mission of Air Force
- Pushes beyond traditional method of measuring success by percentages
- Ensures Warfighters' access to comprehensive set of capabilities

**From Small Business Advocates...  
to Advocates for the mission...  
met with small business solutions!**

## **Small Business Solutions of Choice!**

*Integrity - Service - Excellence*



# **% Goals Aren't Enough, They...**

---

- Are considered the “End” rather than a means
- Are a sole measure of merit – Award and forget
- Don't consider meaningful work
- Don't consider performance after award
- May be unobtainable or not enough
- Inflate small business expectations/conflict
- Reduce incentive - meet the % = STOP
- Create a “check-the-block” mindset
- Fragment small business industrial base



# Success Story



## 8(a) Small Business Provides Valuable Solutions to Vexing Problems

- Space & Missile System Center needed a new Electronic Data Interchange (EDI) system to provide government agencies improved insight into financial data.
- Joint Synergy, an 8(a) small business, provided an expert solution that prevented connectivity issues that were expected to last six months or more.
- Their proactive and innovative solution saved significant costs and improved productivity.



## ***Small Business Haiti Support***

---

- Shortly following the earthquake that recently devastated Haiti, a small, disadvantaged, veteran-owned HUBZone-certified business delivered mission-essential supplies for Air Force relief efforts in record time.
- Palmetto Procurement Company, LLC of Santee, SC, provided the Air Force with parts necessary for wheel loaders on Feb. 12, just three days after receiving the award.

***“Palmetto Procurement’s rapid response meant the critical repair parts could be shipped along with the loader and be delivered to Haiti on time”***

**Judith Croxton, Director of Business Operations, Shaw Air Force Base**



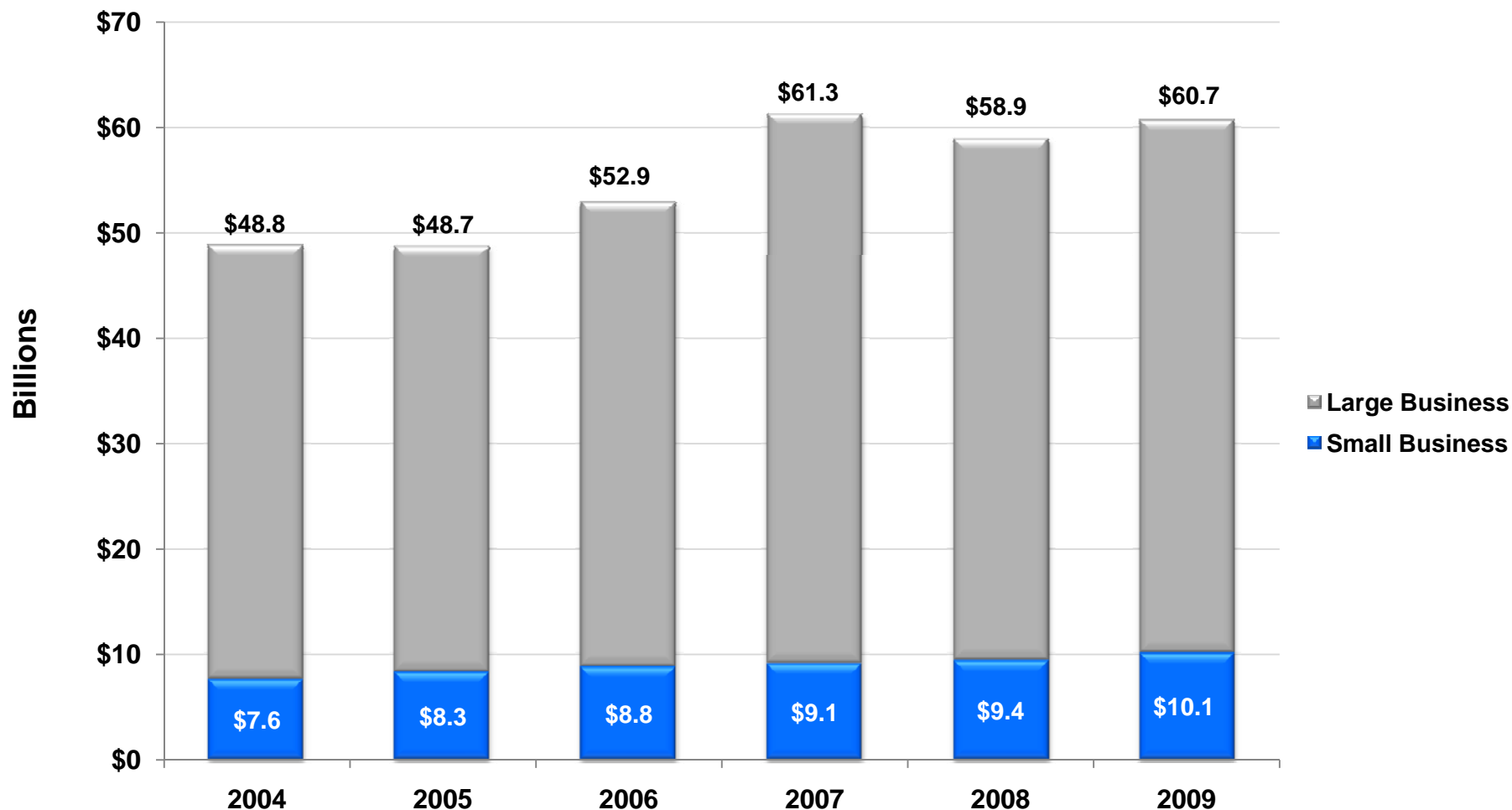
# ***AF Mentor Protégé***

---

- Air Force released FY2010 Mentor Protégé Broad Agency Announcement (BAA) 7 May 2010
- Air Force is focusing on agreements that have a strong technical component or focus on innovative state of the art technology transfer in the domains of air, space, and cyberspace
- Air Force Small Mentor Protégé agreements will concentrate on the Air Force Priority Areas



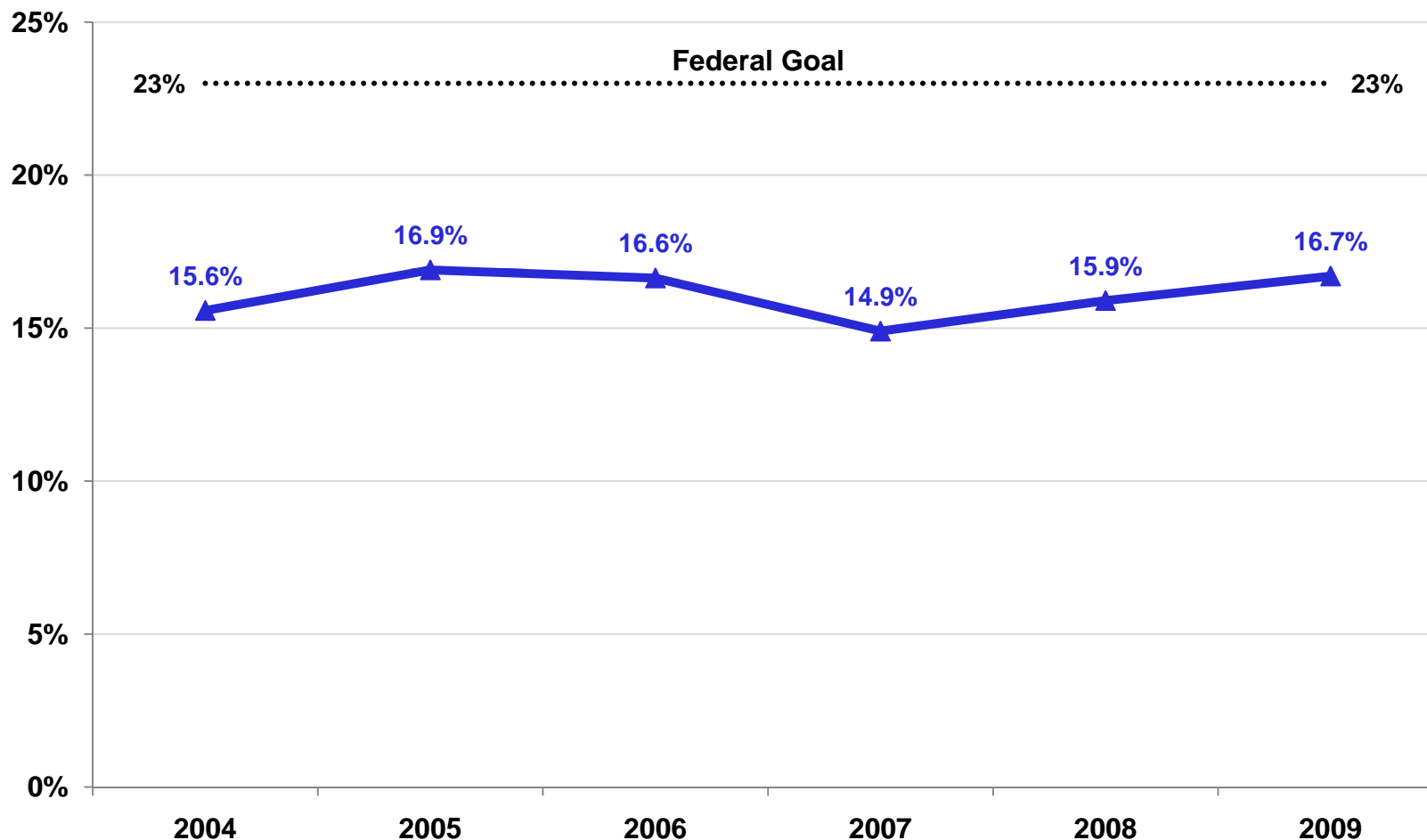
# ***Total Dollars Obligated by the Air Force***



Source: FPDS-NG May 2010



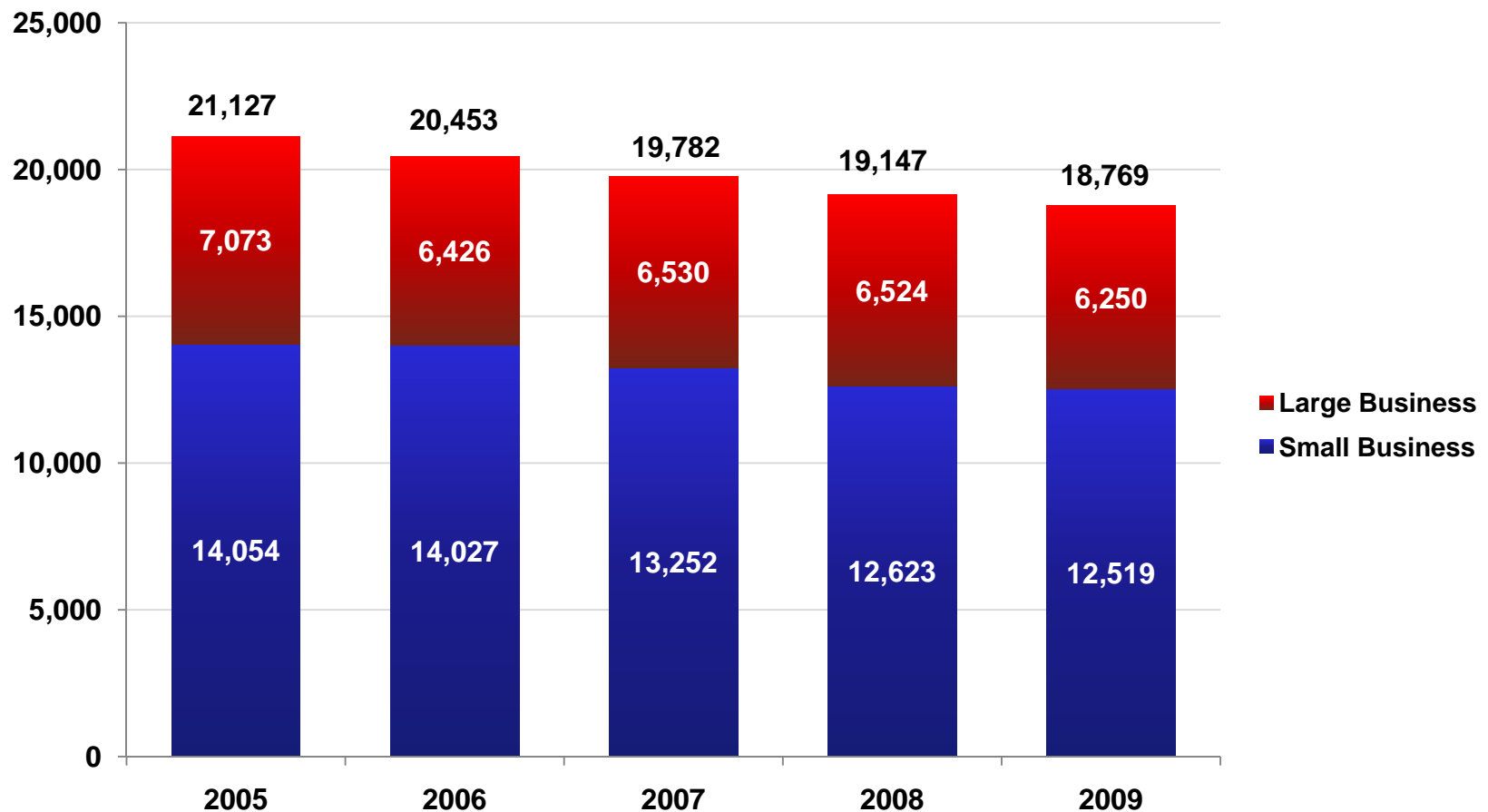
# ***Air Force Small Business Performance***



Source: FPDS-NG May 2010



# *Number of Prime Contractors performing work for the Air Force*



The total dollars obligated by the Air Force has grown by 24.4% between FY 2005 and FY 2009. Meanwhile, the number of firms obligated dollars by the Air Force has declined by approximately 11.2% during the same period.

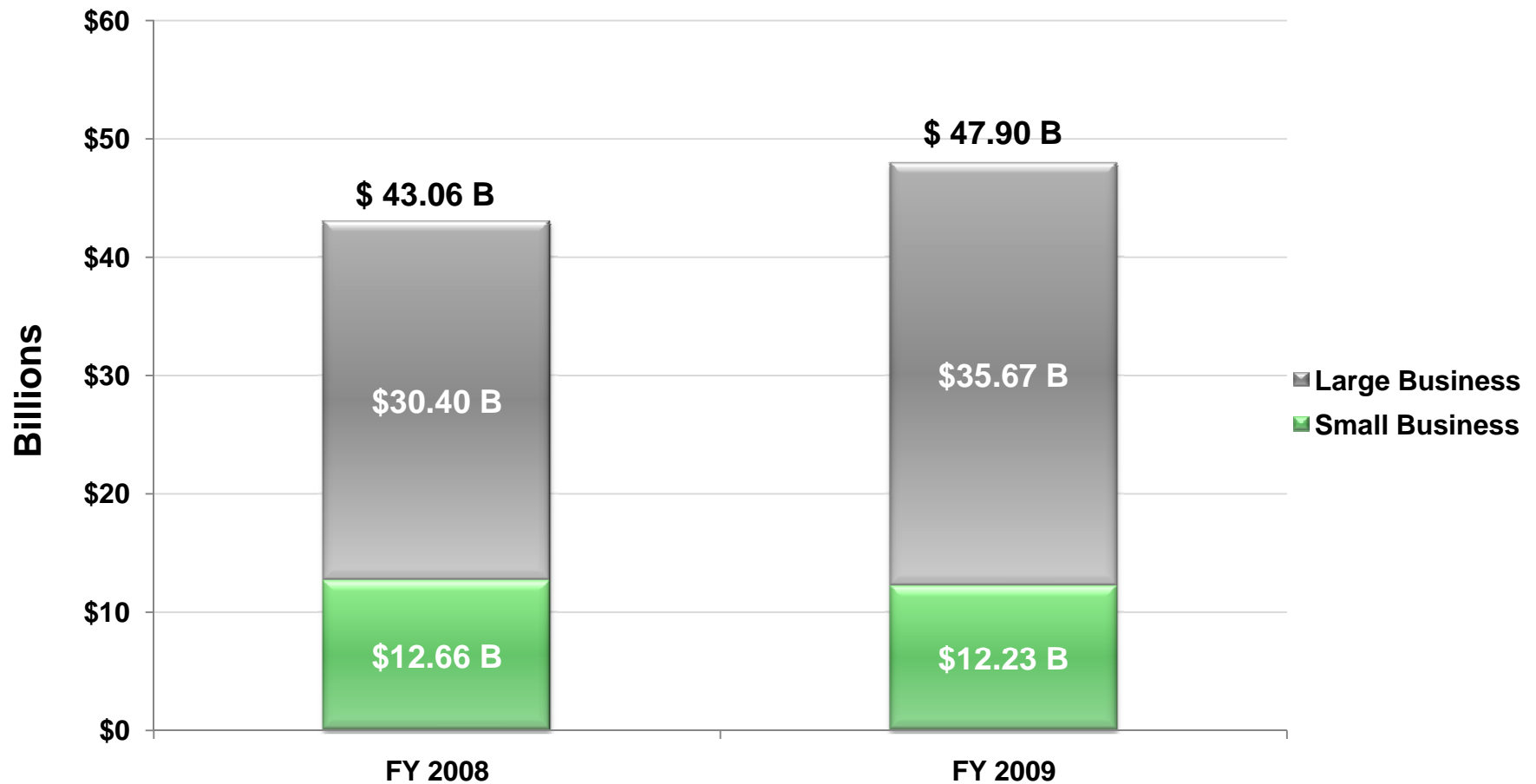
Source: FPDS-NG (Mar 2010) – Number of contractors determined by distinct DUNS Numbers receiving obligations.

*Integrity - Service - Excellence*





## ***Subcontracted Dollars under the DoD Comprehensive Subcontracting Program***

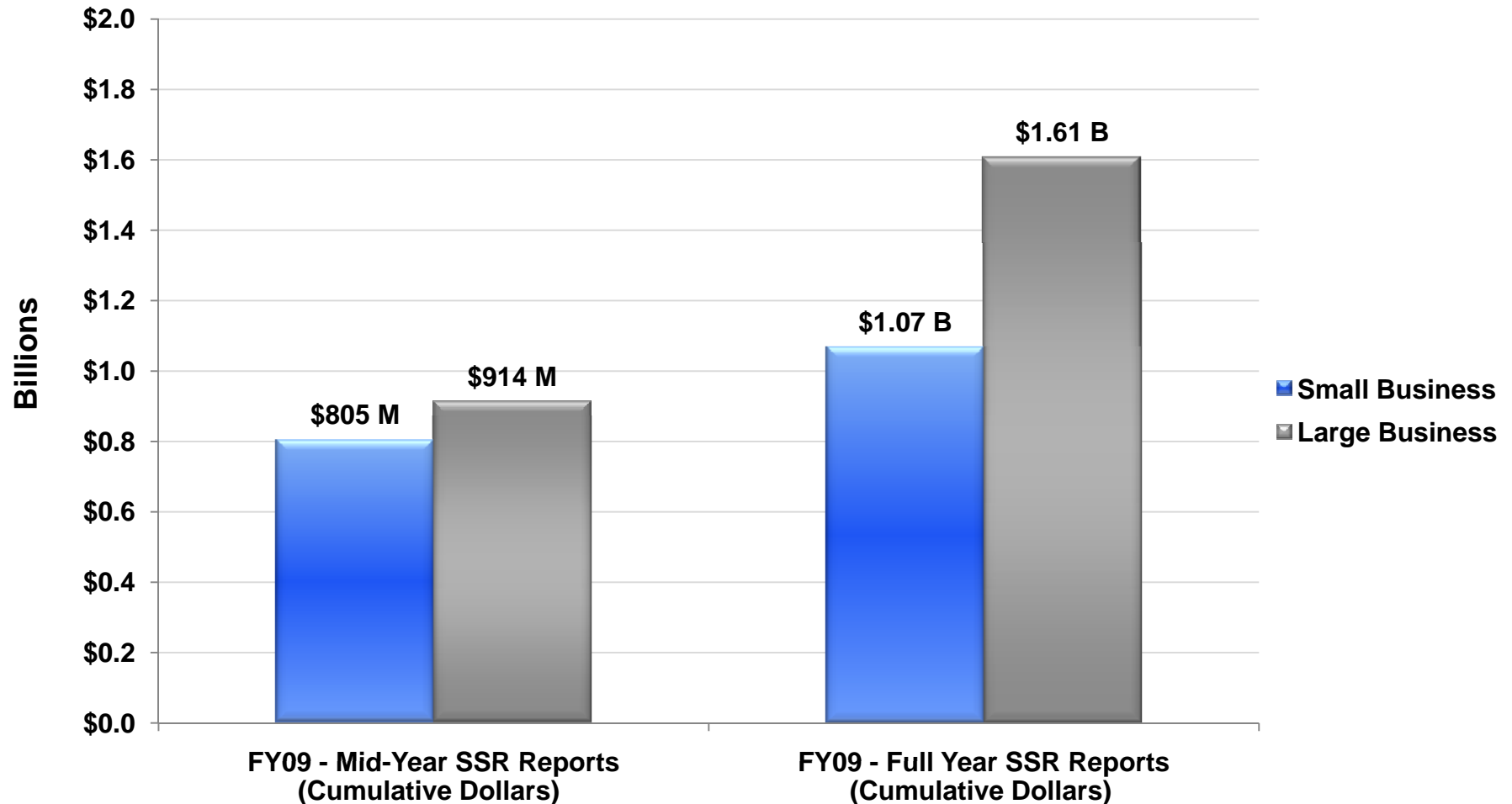


**The total dollars subcontracted by firms in the Comprehensive Subcontracting Program increased by 11.2% between FY 08 and FY09, however, the amount subcontracted to Small Business actually declined.**

Source: eSRS/DCMA CSP – 17 May 2010 FY09 data is not finalized



## ***FY09 Subcontract dollars awarded under Air Force Contracts (SSRs)***



FY09 is the first full year of SSR data in eSRS for contracts outside of the CSP

Source: eSRS – 17 May 2010 - FY09 data not finalized



# ***Major Challenges***

---

- Small Business performance trend – percentages leveling off
- Perception that Small Business = high risk
- “Insourcing” causing a disproportional impact on Small Business
- Achieving maximum impact from the recently released Presidential Executive Orders (26 April 2010)
- Subcontracting program is a “check-the-block” program
- Consolidation and bundling (under strategic sourcing):
- Inadequate market research
- Resource challenges force “simple” sourcing approaches:
  - Single acquisitions take fewer resources than multiple acquisitions
  - Small Business Specialists are double and triple-hatted
  - Nearest Task Order contract for consolidated efforts

## **Small Business Solutions of Choice!**

---





# ***Small Business—The Future!***





# ***Contact Us***

**Office of Small Business Programs**

**SAF/SB**

**1060 Air Force Pentagon**

**Washington DC 20330-1060**

**703-696-1103**

***[www.AirForceSmallBiz.org](http://www.AirForceSmallBiz.org)***



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# Back-up Slides





# ***Air Force Priorities***

- ***Continue to Strengthen the Nuclear Enterprise***
- ***Partner with the Joint and Coalition Team to Win Today's Fight***
- ***Develop and Care for Airmen and their Families***
- ***Modernize our Air and Space Inventories, Organizations & Training***
- ***Recapture Acquisition Excellence***







# ***Interagency Task Force: Small Business***

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THE WHITE HOUSE

Office of the Press Secretary

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For Immediate Release

April 26, 2010

April 26, 2010

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT:           Establishing an Interagency Task Force on Federal  
Contracting Opportunities for Small Businesses

The Federal Government is the world's largest purchaser of goods and services, with purchases totaling over \$500 billion per year. The American Recovery and Reinvestment Act of 2009 (Recovery Act) and other national investments are providing new opportunities for small businesses to compete for Federal contracts, and it is critical that these investments tap into the talents and skills of a broad cross-section of American business and industry. Small businesses must be able to participate in the Nation's economic recovery, including businesses owned by women, minorities, socially and economically disadvantaged individuals, and service-disabled veterans of our Armed Forces. These businesses should be able to compete and participate effectively in Federal contracts.



# ***Interagency Task Force: Veterans Small Business Development***

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THE WHITE HOUSE

Office of the Press Secretary

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For Immediate Release

April 26, 2010

## EXECUTIVE ORDER

- - - - -

### INTERAGENCY TASK FORCE ON VETERANS SMALL BUSINESS DEVELOPMENT

By the authority vested in me as President by the Constitution and the laws of the United States of America, including section 102 of title I of the Military Reservist and Veteran Small Business Reauthorization and Opportunity Act of 2008 (Public Law 110-186) (the "Act"), and in order to establish an interagency task force to coordinate the efforts of Federal agencies to improve capital, business development opportunities, and pre-established Federal contracting goals for small business concerns owned and controlled by veterans and service-disabled veterans, it is hereby ordered as follows:

Section 1. Establishment. The Administrator of the Small Business Administration (Administrator) shall establish within the Small Business Administration an Interagency Task Force on Veterans Small Business Development (Task Force).

Sec. 2. Membership. The Administrator shall serve as Chair of the Task Force and shall direct its work. Other members shall consist of:

(a) a senior level representative, designated by the head of the respective department or agency, from each of the following:

National Aeronautics and Space Administration



## Office of **SMALL BUSINESS PROGRAMS**

Aerospace & Defense Small Business Outlook Panel

Mr. Glenn A. Delgado

Associate Administrator

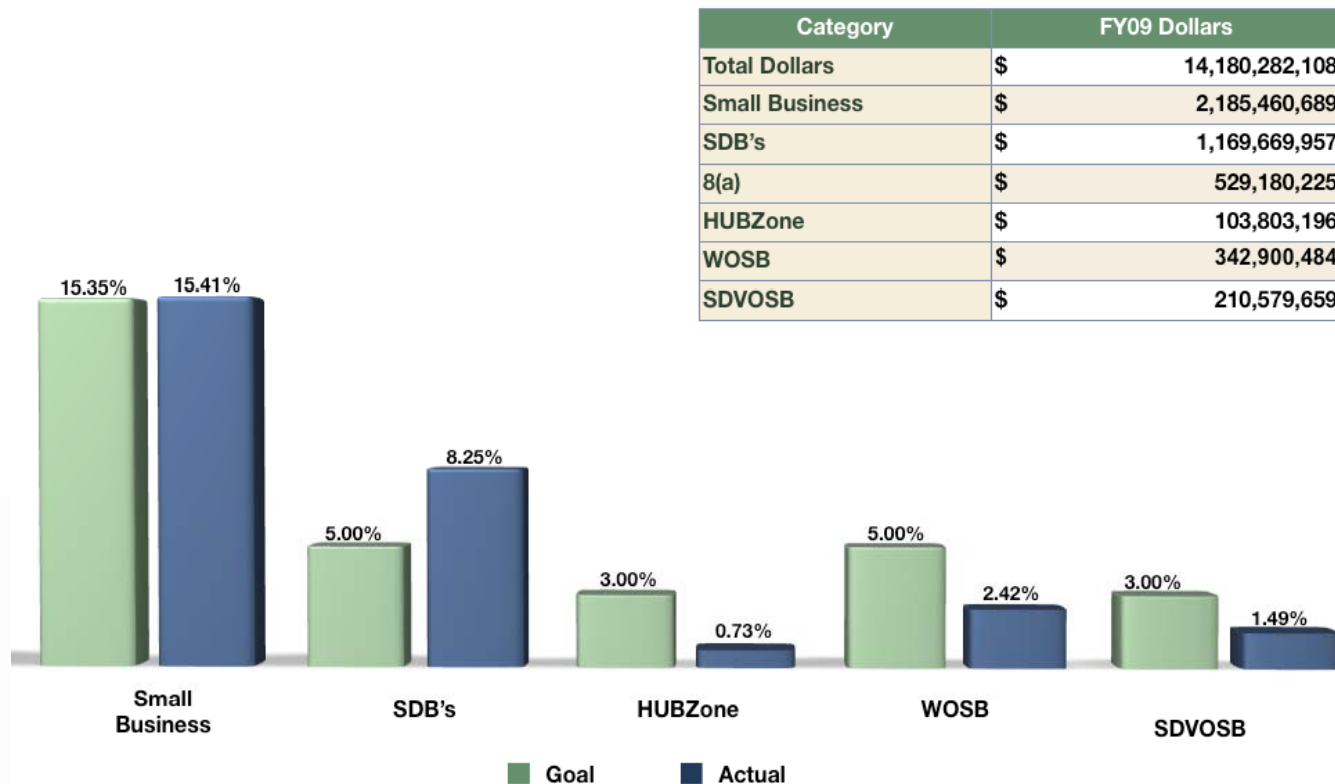
[www.nasa.gov](http://www.nasa.gov)

May 25, 2010

# Prime Metrics Update

## NASA FY09 Prime Goals vs. Actual Percentages as of September 30, 2009

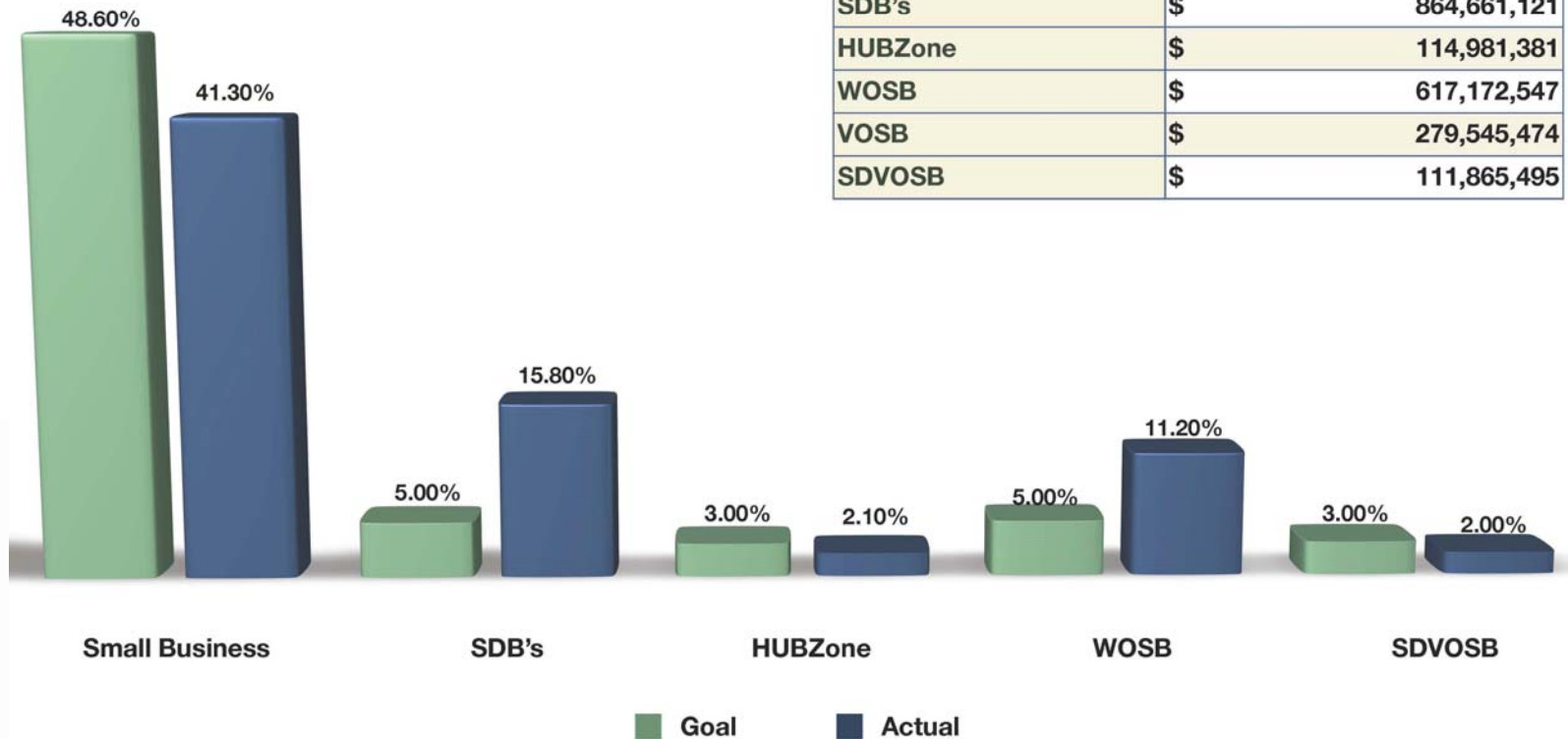
FY09 Data Generated December 22, 2009 from FPDS-NG



# Subcontracting Metrics Update

## NASA FY09 Subcontracting Goals vs. Actual Percentages End of Year

Data Generated January 12, 2010 from eSRS



Category	Dollars
Total Dollars	\$ 5,488,759,683
Small Business	\$ 2,268,962,669
SDB's	\$ 864,661,121
HUBZone	\$ 114,981,381
WOSB	\$ 617,172,547
VOSB	\$ 279,545,474
SDVOSB	\$ 111,865,495



[www.osbp.nasa.gov](http://www.osbp.nasa.gov)



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and Space Administration

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OSBP Home

+ VISION & MISSION FOR SMALL  
BUSINESS

+ AA'S BIO

+ SMALL BUSINESS PROGRAMS

+ NASA MENTOR-PROTÉGÉ  
PROGRAM (MPP)

+ ABOUT NASA CENTERS

+ DOING BUSINESS WITH NASA

+ NASA SMALL BUSINESS  
AWARDS

+ OSBP NEWSLETTER

+ NASA CENTER CONTACTS

## NASA OFFICE OF SMALL BUSINESS PROGRAMS

Welcome to our Website



The Office of Small Business Programs (OSBP) at NASA Headquarters is responsible for the development and management of NASA programs that assists all categories of small business.

### WELCOME TO OUR WEBSITE!



Glenn A. Delgado

#### Welcome to NASA Office of Small Business Programs

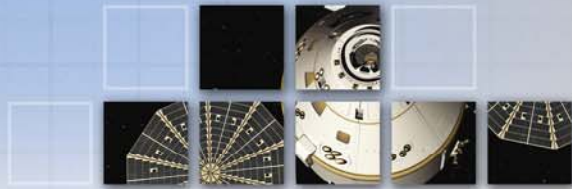
Greetings and welcome to the NASA Office of Small Business Programs (OSBP) website. NASA is committed to providing all categories of small businesses an opportunity to participate in both NASA prime contracts and subcontracts. To do this we need to ensure that the lines of communication are open and effective. This website is key to that open communication.

Glenn A. Delgado  
Associate Administrator  
Office of Small Business Programs

+ View Biography



# About NASA Centers



+ SMALL BUSINESS PROGRAMS

+ NASA MENTOR-PROTÉGÉ  
PROGRAM (MPP)

- ABOUT NASA'S SMALL  
BUSINESS CENTERS

+ DOING BUSINESS WITH NASA

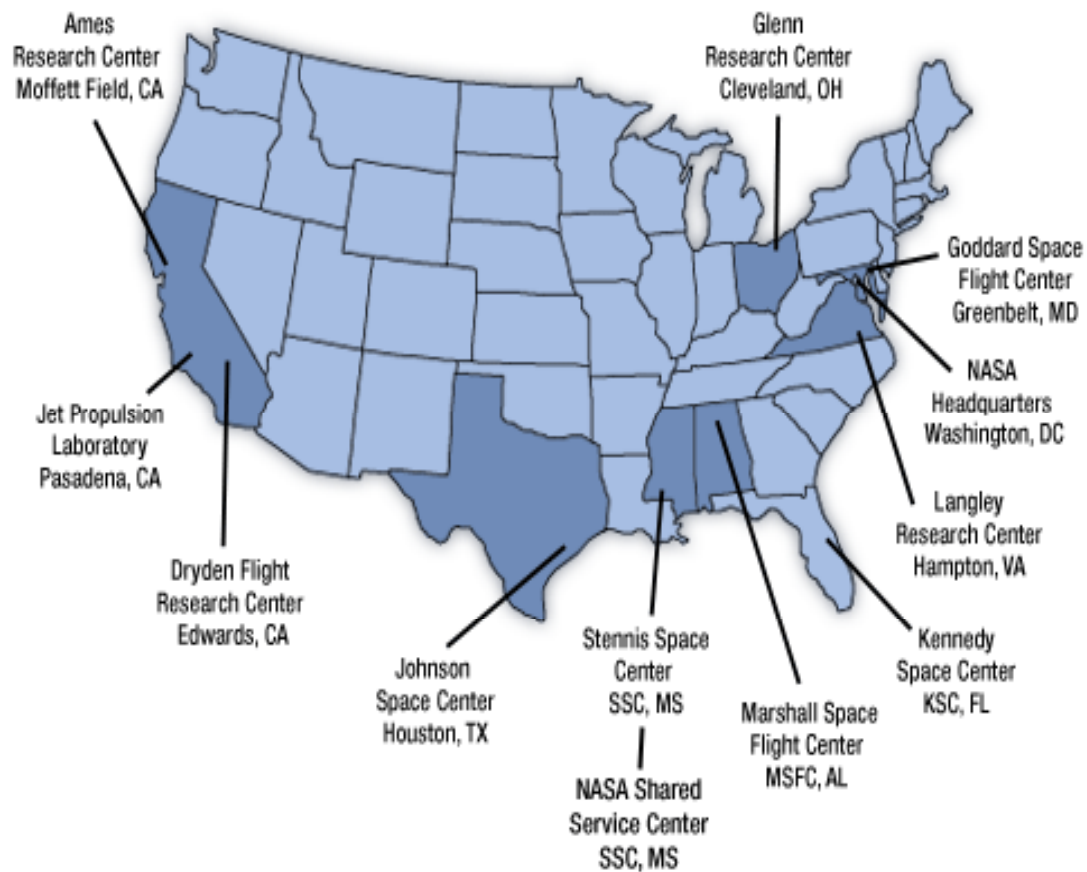
+ NASA SMALL BUSINESS  
AWARDS

+ OSBP NEWSLETTER

+ NASA CENTER CONTACTS

+ NASA OUTREACH AND  
EVENTS

## ABOUT NASA'S OFFICE OF SMALL BUSINESS PROGRAMS





# Marshall Space Flight Center (MSFC)

Marshall Space Flight Center

## What We Buy

**Contact:** David Brock, 256-544-0267, Fax: 256-544-5851, [david.e.brock@nasa.gov](mailto:david.e.brock@nasa.gov)  
Marshall Space Flight Center, AL 35812-0001

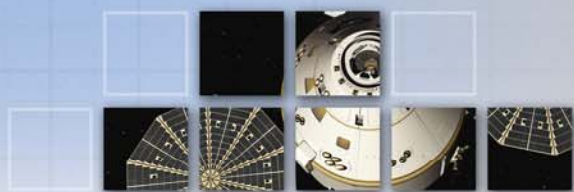
**On the Web:** [www.nasa.gov/centers/marshall/home](http://www.nasa.gov/centers/marshall/home)

Marshall Space Flight Center (MSFC) serves as a systems developer and integrator for exploration and science missions. It advances Agency priorities with its full life-cycle engineering capabilities, developing and integrating human and scientific space flight systems from concept to development to operation. The Center's work in advanced materials and manufacturing processes and scientific research in specialized areas rounds out its portfolio.

Principal NAICS Code	What We Buy
561720	Janitorial Services
541710	Research and Development in the Physical, Engineering, and Life Sciences
561110	Office Administrative Services
541511	Custom Computer Programming Services







# NASA Small Business Specialists (SBS)

AMES Research Center (ARC)	Lupe Velasquez	(650) 604-4522	<a href="mailto:lupe.m.velasquez@nasa.gov">lupe.m.velasquez@nasa.gov</a>
DRYDEN Flight Research Center (DFRC)	Robert Medina	(661) 276-3343	<a href="mailto:robert.medina-1@nasa.gov">robert.medina-1@nasa.gov</a>
GLENN Research Center (GRC)	Timothy Pierce	(216) 433-2147	<a href="mailto:timothy.c.pierce@nasa.gov">timothy.c.pierce@nasa.gov</a>
GODDARD Space Flight Center (GSFC) and HQ Acquisition Branch	Gilberto DelValle	(301) 286-8136	<a href="mailto:gilberto.delvalle-1@nasa.gov">gilberto.delvalle-1@nasa.gov</a>
Jet Propulsion Laboratory (JPL)	Martin Ramirez	(818) 354-6093	<a href="mailto:martin.m.ramirez@jpl.nasa.gov">martin.m.ramirez@jpl.nasa.gov</a>
JOHNSON Space Center (JSC)	Charles Williams	(281) 483-5933	<a href="mailto:charles.t.williams@nasa.gov">charles.t.williams@nasa.gov</a>
KENNEDY Space Center (KSC)	Larry Third	(321) 867-7357	<a href="mailto:larry.m.third@nasa.gov">larry.m.third@nasa.gov</a>
LANGLEY Research Center (LaRC)	Randy Manning	(757) 864-6074	<a href="mailto:randy.a.manning@nasa.gov">randy.a.manning@nasa.gov</a>
MARSHALL Space Flight Center (MSFC)	David Brock	(256) 544-0267	<a href="mailto:david.e.brock@nasa.gov">david.e.brock@nasa.gov</a>
NASA Management Office -JPL	Angel Castillo	(818) 354-1585	<a href="mailto:angel.a.castillo@jpl.nasa.gov">angel.a.castillo@jpl.nasa.gov</a>
NASA Shared Services Center (NSSC)	John Cecconi	(228) 813-6810	<a href="mailto:john.a.cecconi@nasa.gov">john.a.cecconi@nasa.gov</a>
STENNIS Space Center (SSC)	Michelle Stracener	(228) 688-1720	<a href="mailto:michelle.m.stracener@nasa.gov">michelle.m.stracener@nasa.gov</a>





## ➤ Small Business Training

- ✓ Procurement / Program / Technical
- ✓ Source Boards

## ➤ Small Business Utilization Clause

- ✓ Separate Evaluation Factor in RFP's
- ✓ Special Section "H" Clause
- ✓ Subcontracting Plan Evaluations Plans



## ➤ Joint Counseling

- ✓ NASA / Large Prime Partners / Other Tenants

## ➤ NASA Vendor Database

- ✓ Combine all Center Databases
- ✓ Better Market Research





## ➤ Mentor-Protégé Program

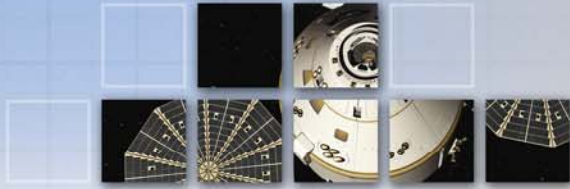
- ✓ SBIR Phase II Component
- ✓ Proposed FY-12 Changes

## ➤ Prime Small Business Reporting

- ✓ Track Primes Accomplishments
- ✓ Reported Every 6 Months



# Small Business Reporting



## FY08 GSFC/HQ Individual Subcontracting Report as of December 31, 2008

Data Generated January 9, 2009 from eSRS

# of ISR's Submitted and Approved in FY 2008	# of ISR's Meeting Negotiated Goals					
Submitted/Approved 114/110	SB	SDB	SDVOSB	VOSB	WOSB	HUBZone
	72/110 65%	48/110 44%	49/84 58%	22/42 53%	37/43 86%	14/22 64%



# New Standard Clauses – Section L

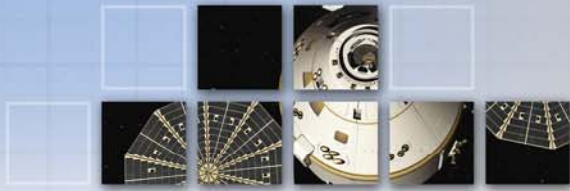
## WBS work to SB Subs



Name of Subcontractor (NAICS for work being performed by subcontractors)	DUNS Number, and/or CAGE Code	Type of Business (SB, SDB, WOSB, HBZ, VO, SDVOSB)	Hours proposed	Hours as percentage of total effort	PWS Paragraph to be performed	Percentage of work subcontracted out by this contractor to other than small businesses
XYZ Corp. (811212)	01345 DUNS 123456789	SB, SDB	19,000	1.18%	3.1.1, 3.1.2 3.1.3.1, 3.1.3.2	
Acme Ltd. (541519)		SB	320,000	20.00%	3.1.3, 3.1.4	
Smith, Jones and Assoc. (541512)		SB, SDB, HBZ	85,000	5.31%	3.1.4	
ABC Co. (334111)		SB, VOSB, SDVOSB	264,000	16.50%	3.1.5	
Triple A Inc. (541511)		SB, SDB	83,000	5.19%	3.1.9	



# Contact NASA OSBP



NASA Office of Small Business Programs  
300 E Street, SW  
Washington, DC 20546

Tel: (202) 358-2088

Fax: (202) 358-3261

E-mail: [smallbusiness@nasa.gov](mailto:smallbusiness@nasa.gov)

Website: [www.osbp.nasa.gov](http://www.osbp.nasa.gov)

NASA Vendor Database: <https://vendors.nvdb.nasa.gov>



NDIA Small Business Conference

# *The Nuts, Bolts & Screws Of Teaming Agreements*



**Jerry Gabig**  
**Sirote & Permutt**  
509-0279



*Slide 1*



# *Outline*

- I. Big Picture
- II. Why Team?
- III. The Nuts & Bolts
- IV. The Screws
- V. Sub Not Getting Paid

# *I. Big Picture*

## *FAR § 9.601*

Teaming agreements can be:

1. a subcontract
2. a partnership
3. a joint venture

# *I. Big Picture*

“A survey by the Centre for Global Corporate Positioning of estimates by business analysts indicates 50% to 70% of joint alliances fail. A Columbia University study found cross-border joint ventures have similarly dismal chances: only 43% become viable.”

*The Deal*, January 26, 2004 at 32

# *I. Big Picture*

The doctrine of privity in contract law provides that a contract cannot confer rights or impose obligations arising under it on any person or agent except the parties to it.

*[en.wikipedia.org/wiki/Privity](http://en.wikipedia.org/wiki/Privity)*

## *II. Why Team?*

1. Special expertise
2. Performance risk reduction
3. Meet customer preferences
4. Geographic/political balance
5. Meet socio-economic goals
6. Convert competitor into team member

# *1. Special Expertise*

“The Government will recognize the integrity and validity of contractor team arrangements; provided, the arrangements are identified and company relationships are fully disclosed....”

*FAR § 9.603*

# *1. Special Expertise*

The GAO has sustained a protest where the past experience of a subcontractor was not accredited to an offeror's proposal.

*KIC Development, LLC, B-297425.2,  
January 26, 2006*

*Slide 8*

## *II. Why Team?*

1. Special expertise
2. Performance risk reduction
3. Meet customer preferences
4. Geographic/political balance
5. Meet socio-economic goals
6. Convert competitor into team member



## *2. Performance Risk Reduction*

The Comptroller General sustained a contracting officer's conclusions that a newly formed team of three companies posed a "great risk" because the three companies had never worked together before.

*AIA-Todini-Lotos, B-294337, October 15, 2004*

## *II. Why Team?*

1. Special expertise
2. Performance risk reduction
3. Meet customer preferences
4. Geographic/political balance
5. Meet socio-economic goals
6. Convert competitor into team member

### *3. Meet Customer Preferences*

- The Navy forced a teaming agreement between Northrop and McDonnell Douglas for the F-18.
- For the resulting litigation, *see* Northrop Corp. v. McDonnell Douglas Corp., 705 F. 2d 1030 (9<sup>th</sup> Cir.)

## *II. Why Team?*

1. Special expertise
2. Performance risk reduction
3. Meet customer preferences
4. Geographic/political balance
5. Meet socio-economic goals
6. Convert competitor into team member

## *4. Geo/Political Balance*

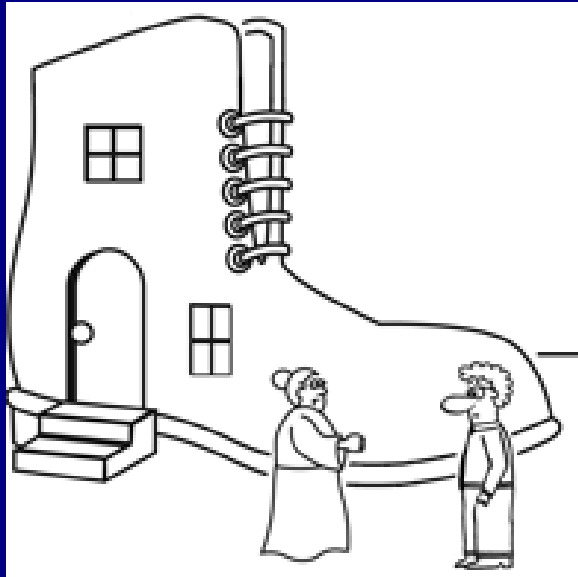
"The B-2 is the most expensive plane ever built. Estimates for the costs per plane in excess of \$1.5 billion each. The B-2 bomber has a piece of it made in every state of the United States."

*[http://www.theblackvault.com/wiki/index.php/B-2\\_Spirit](http://www.theblackvault.com/wiki/index.php/B-2_Spirit)*

## *II. Why team?*

1. Special expertise
2. Performance risk reduction
3. Meet customer preferences
4. Geographic/political balance
5. Meet socio-economic goals
6. Convert competitor into team member

## 5. Social-Economic Goals



- The “Rule of Two”

*FAR § 19.202-2(b)*

- “At least 50% of the cost of contract performance”

*FAR § 52.219-14*

- Affiliation

*13 CFR §121.103*

- Ostensible subcontractor

*13 CFR § 121.103(f)*

## *II. Why Team?*

1. Special expertise
2. Performance risk reduction
3. Meet customer preferences
4. Geographic/political balance
5. Meet socio-economic goals
6. Convert a competitor into a team member



## *6. Eliminating A Competitor?*

### *U.S. v. Alliant Techsystems, Inc.*

- Alliant and Aerojet-General competed against each other in the Combined Effects Munition (CEM) market
- In 1990, the Air Force “downsized” to one vendor—Alliant
- After the Gulf War, Air Force issued RFP seeking competition

## *II. Eliminating A Competitor?*

- Alliant and Aerojet entered into a teaming agreement and submitted a single bid for the CEM contract with Alliant acting as the prime
- The price submitted by the Alliant/Aerojet team was higher than previous contracts
- DOJ brought an action based on Sherman Act, Section 1.

Slide 19

## *II. Eliminating A Competitor?*

Alliant and Aerojet subsequently entered into a consent decree with DOJ.

- Agreed to pay \$2,047,500
- Agreed to implement an antitrust compliance program
- Agreed not to entering into future teaming agreements for production of CEM systems

### III. Nuts & Bolts

“The Contractor is responsible for the unexcused performance failures of its subcontractors.”

Johnson Management Group CFC v. Martinez, 308 F.3d 1245  
(Fed. Cir 2002)

Slide 21

### III. Nuts & Bolts

A prime contractor can be held liable to the government for a third tier subcontractor not providing accurate cost or pricing data.

McDonnell Aircraft, ASBCA No. 44504, 03-1 BCA  
¶ 32,154

### III. Nuts & Bolts

If a subcontractor fails to make appropriate payments under labor laws such as DB, SCA, or FLSA, prime can be held financially liable.

Mohr v. J. Pease Constr. Co., 1994 WL 171512 (N.D.Ill. May 2, 1994)

# III. Nuts & Bolts

- Little authority to support argument that key FAR clauses are binding on subcontractors based on Christian doctrine.
- Prime who does not correctly “flow down” appropriate FAR clauses is at risk of subcontractor not being bound.

### III. Nuts & Bolts

An organizational conflict of interest (OCI) of a subcontractor can be imputed to the prime contract



*Slide 25*



## A Hard Look Into Aetna

The underlying procurement was for managed health care in California for CHAMPUS beneficiaries who included military members and their dependents. The estimated value of the contract was > \$2.5 billion.

Qualmed proposed Lewin-VHI as a subcontractor for mental health

## A Hard Look Into Aetna

“QualMed asked the agency for guidance about resolution of the potential organizational conflict of interest. QualMed indicated that it could submit a proposal without VBH's participation, if the Lewin-VHI affiliate's involvement posed a problem for OCHAMPUS.”

*Slide 27*

## A Hard Look Into Aetna

"Agency counsel and the contracting officer responded that the agency had experience in this area, and that, so long as QualMed submitted an acceptable plan for mitigation of the conflict, the agency would approve it and VBH could serve as QualMed's subcontractor."

## A Hard Look Into Aetna

The approved mitigation plan stated that CHAMPUS “employees will subject Lewin-VHI's work to close scrutiny in a manner determined by the agency....

## A Hard Look Into Aetna

The GAO stated: "The protests here reflect the third type of organizational conflict of interest, involving potentially impaired objectivity ... whether its affiliate would receive a \$183 million subcontract."

## A Hard Look Into Aetna

GAO's reason for sustaining protest:

“the agency failed to take reasonable steps to learn the relevant facts about the organizational conflict of interest.”

## A Hard Look Into Aetna

QualMed challenged the GAO decision in USDC. The court held that, notwithstanding that QualMed arguably was not to “blame” for the OCI, blame was not relevant to a finding that an OCI existed.

QualMed, Inc. v. OCHAMPUS, 934 F. Supp. 1227 (D. Col. 1996).

# IV. The Screws



*Slide 33*

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## Government Executive 9/22/09

"Even after spending many hours and thousands of dollars working with large businesses to win federal contracts, small firms are not receiving a fair share of the work.... Large businesses generally need -- and accept -- many proposals from small, minority-owned companies but end up recompeting the work after award."

## Government Executive 9/22/09

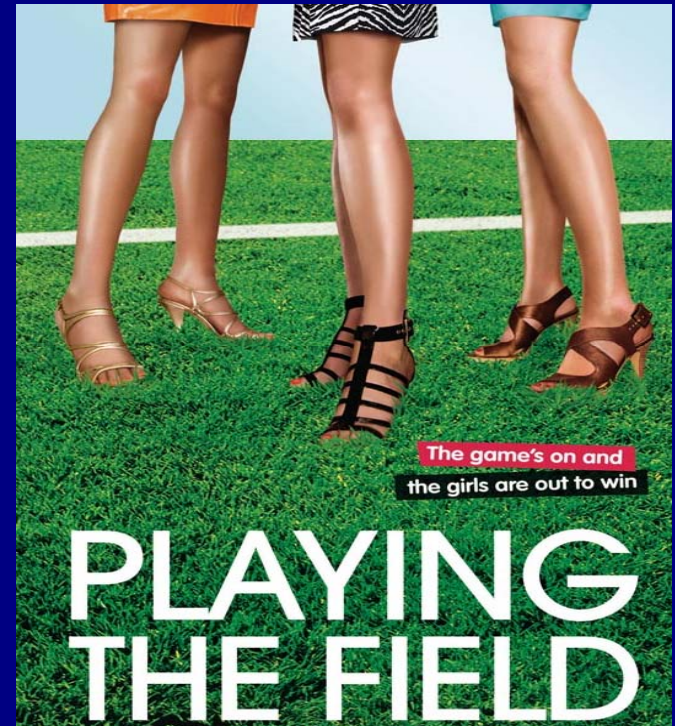
Ronald Newlan, chairman of the HUBzone Contractors National Council, testified before the Senate Small Business Committee that the problem is epidemic. "It's almost a bait-and-switch sometimes."

## IV. Screws -- Pre-award

Exclusive?



Nonexclusive?



*Slide 36*

# IV. Screws -- Pre-award

## Northrop Grumman Terms & Conditions

- Clause 3
- Clause 4
- Contrast Clauses 6 & 7
- Clause 13
- Clause 20
- Clause 27
- Clause 28



*Slide 37*

## IV. Screws -- Pre-award

“Restrictions On Subcontractor Sales  
to the Government”

FAR § 52.203-6

*“The Contractor shall not enter into any agreement with ... which may have the effect of restricting sales by such subcontractors directly to the Government of any item or process (including computer software) made or furnished by the subcontractor....”*

## IV. Screws -- Pre-award

“Patent Rights—Retention by The Contractor”

FAR § 52.227-11

*“The subcontractor will retain all rights provided for the Contractor in this clause, and the Contractor will not, a part of the consideration for awarding the subcontract, obtain rights in the subcontractor’ subject inventions.”*

## IV. Screws -- Pre-award

### “Rights In Technical Data— Noncommercial Items”

DFARS § 252.227-7013

*“The Contractor and higher-tier subcontractors or suppliers shall not use their power to award contracts as economic leverage to obtain rights in technical data from their subcontractors or suppliers.”*

## IV. Screws -- Post-award

- Prime not awarding work to sub
- Non-government initiated T4C
- Obtaining access to subcontractor proprietary technical data
- Hiring away subcontractor's best employees



## IV. Screws -- Post-award

*General Capture Rule:*

"You eat what  
you kill"

*Teaming Capture Rule:*

"The alpha male  
eats first"



Slide 42

## IV. No Teaming Agreement?

### General Rule Is Sub Bound To Quotes:

*A subcontractor's quote to a prime forms is enforceable against the sub even if revoked prior to formal acceptance by the prime.*

*See also, UCC § 2-205 firm offer by merchant rule.*

## IV. No Teaming Agreement?

### General Rule Does Not Work In Reverse:

*Generally, once a prime's proposal is accepted, the prime contractor can "shop" for new subcontractors (unless bound by a teaming agreement).*

## IV. Prime Can “Shop” Bids

### *A Typical Case*

- In Dual, Inc. v. Symvionics, Inc., 122 F.3d 1060, (4th Cir. 1997), the court ruled a prime contractor did not breach its duty to negotiate in good faith by not awarding a subcontract.
- Key factors:
  - (1) the Teaming Agreement, by its terms, required only that the parties negotiate in good faith and did not impose an absolute duty to place the subcontract;

## IV. Prime Can “Shop” Bids

(2) allowing the teaming partner to begin work while still negotiating the subcontract was evidence of good faith; and

(3) under state law, the Teaming Agreement was simply an agreement to agree and did not impose additional obligations on the prime contractor

## IV. Potential Sub Tactics

- If a small business, seek agency small business advocate to contact C.O. to determine if prime contractor is meeting Small Business goals
- Try to get Contracting Officer to remind Prime of potential liability for failure to meeting subcontracting goals (*i.e.*, FAR § 52.219-16 "Liquidated Damages - Subcontracting Plan")

# IV. Potential Sub Tactics

## Make-Or-Buy Programs

FAR § 15.407-2

*“[T]he Government may reserve the right to review and agree on the contractor’s make-or-buy program when necessary to ensure negotiation of reasonable contract prices, satisfactory performance, or implementation of socioeconomic policies.”*

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## IV. Prime Can “Shop” Bids

### *An Usual Case*

- Cube, a small business, needed additional expertise to be competitive for award
- Cube and EG&G teamed. Proposal had EG&G performing 49% of the work
- Small business set aside
- After award, CCT insisted on capping G&A for EG&G as well as complete right to T4C



## IV. Prime Can “Shop” Bids

- Declaring impasse, Cube dismisses EG&G
- EG&G obtained injunction requiring Cube to keep EG&G as a sub
- Cube has to keep EG&G as sub entire contract
- Court concluded that capped G&A and broad T4C right “were problems that Cube created in an attempt to renegotiate.”
- Previously, Virginia law generally regarded teaming agreements as “agreements to agree.”

## IV. Anti-Bid Shopping Laws

- Arkansas, California, Connecticut, Delaware, Florida, Massachusetts and New Mexico.
- Once the prime contractor's bid is accepted, the prime can not substitute subcontractors except for good cause.

## IV. Screws -- Post-award

- Prime not awarding work to sub
- Non-government initiated Termination for Convenience
- Obtaining access to subcontractor proprietary technical data
- Hiring away subcontractor's best employees

## IV. Termination For Convenience

- Grumman prime on Joint STARS contract; Aydin was sub
- Subcontract incorporates by reference FAR T4C clause
- Grumman T4Cs subcontract
- Aydin argues Grumman could only T4C if Gov't initiated T4C

## IV. Termination For Convenience

- Court saw no limitation in the “flowdown” FAR clause
- “There is a reasonable probability that Grumman can establish that it terminated Aydin in good faith for a perceived inability to perform.”

*Aydin v. Grumman, Civ. A. No. 86-5244,  
1986 WL 12947 (E.D. Pa. Nov. 14, 1986).*

## IV. Termination For Convenience

### Advice

- *Structure teaming agreement and contract to only allow T4C if Government terminates prime contract for convenience*
- *Also structure agreement so prime must exercise options if Government exercises options*

## IV. Screws -- Post-award

- Prime not awarding work to sub
- Non-government initiated Termination for Convenience
- Potential sub tactics
- Obtaining access to subcontractor proprietary technical data
- Hiring away subcontractor's best employees

# IV. Accessing Tech Data

## “Rights In Technical Data— Noncommercial Items”

DFARS § 252.227-7013

*“[W]hen there is a requirement in the prime contract for data which may be submitted with other than unlimited rights by a subcontractor or supplier, then said subcontractor or supplier may fulfill its requirement by submitting such data directly to the Government.”*

Slide 57

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## IV. Screws -- Post-award

- Prime not awarding work to sub
- Non-government initiated Termination for Convenience
- Potential sub tactics
- Obtaining access to subcontractor proprietary technical data
- Hiring away subcontractor's best employees

## IV. Hiring Sub's Employees

- The general rule is that, unless contractually prohibited, either party may recruit the other party's employees.
- Place in the agreement that neither party will recruit the other's employees



*Slide 59*

# V. Sub Not Getting Paid



*Slide 60*

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# V. Subs Not Getting Paid

Subs Are At Special Disadvantage When  
Prime's Customer Is Federal Govt

*Equitable liens against federal property  
or federal funds are not available to  
subcontractors on government contracts  
because of the doctrine of sovereign  
immunity.*

Department of the Army v. Blue Fox, Inc., U.S. Supreme Court  
(1999)

Slide 61

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# V. Subs Not Getting Paid

## GAO Report -- DOD Contracting: Techniques to Ensure Timely Payment to Subcontractors (NSIAD-93-136)

- “Subcontractor payment problems were prevalent”
- “The identified payment problems ... adversely affected the firms’ cash flow and financial health.”

# V. Sub Not Getting Paid

## Subcontractor Requests for Information

### *FAR § 32.112-2*

Upon the request of a subcontractor or supplier ... the contracting officer shall promptly advise the subcontractor or supplier as to --

- (1) Whether the prime contractor has submitted requests for progress payments or other payments to the Federal Government; and
- (2) Whether final payment under the contract has been made

# V. Sub Not Getting Paid

## Subcontractor Assertion Of Nonpayment

*FAR § 32.112-1*

If the contracting officer finds the prime contractor is not in compliance, the contracting officer may --

- (1) Encourage the contractor to make timely payment, or
- (2) Reduce or suspend progress payments to the contractor

## V. Sub Not Getting Paid

If Subcontractor has serious concerns about not getting paid, prior to entering into any agreement, consider requiring that Government payment be made to a Joint Payee Account



*Slide 65*



# *Final Advice*



Thoroughly  
think  
through the  
relationship!

## Example: Think Through ...

- In 1992, Lockheed Martin (LM) and Raytheon entered into a joint venture agreement to develop and manufacture TOW missiles for the Army.
- In 1994, the joint venture agreement was amended to include follow-on projects to the TOW missile procurements.

## Example: Think Through ...

- Raytheon informed LM that Raytheon wanted to pursue some of the TOW follow-on projects alone.
- LM sued Raytheon requesting an injunction
- The court ruled in favor of Raytheon

**AMERICA'S ARMY:**  
**THE STRENGTH OF THE NATION™**

# **U.S. Army Small Business Mission**

7<sup>th</sup> Annual National Small Business Conference

Von Braun Center, Huntsville, AL

May 25, 2010

**Ms. Suellen Jeffress**  
**Office of Small Business Programs**  
**Office of the Secretary of the Army**

**[www.sellingtoarmy.info](http://www.sellingtoarmy.info)**

**Telephone: 703-697-2868**



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## ACE US Army Corps of Engineers

- Military/Civil Works Construction Projects
- Environmental Projects
- <http://www.hq.usace.army.mil/hqsb/>



## AMC US Army Materiel Command

- Combat Systems
- Information Systems
- Installation Supplies & Services
- <http://www.amc.army.mil/amc/smlbus>



## ATEC US Army Test & Evaluation Command

- Development and Operational Testing of Weapon Systems
- <http://www.atec.army.mil/>



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**NGB National Guard Bureau**

- Base Operations; Information Technology Services/Equipment
- Construction/ Environmental Projects
- <http://www.arng.army.mil/tools/contracting>



**SDDC Military Surface Deployment & Distribution Command**

- Travel Services
- Transportation and Storage of Personal Property
- <http://www.sddc.army.mil>



**SMDC Space & Missile Defense Command**

- Research and Development
- Engineering Support Services
- <http://www.smdc.army.mil/SADBU/SADBU.html>



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CCE Contracting Center of Excellence

- Supplies and Services for Organizations in National Capital Region
- <http://dccw.hqda.pentagon.mil/smallbiz/index.htm>



INSCOM US Army Intelligence & Security Command

- Intelligence Security Information Systems
- <http://www.inscom.army.mil>



MEDCOM US Army Medical Command

- Medical Supplies and Health Care Equipment
- Professional Services
- <http://sb.amedd.army.mil>



MRMC US Army Medical Research & Materiel Command

- Medical Research
- <http://www.mrmc.smallbusopps.army.mil/>



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# **7<sup>th</sup> Annual National Small Business Conference**

## **Huntsville, Alabama**

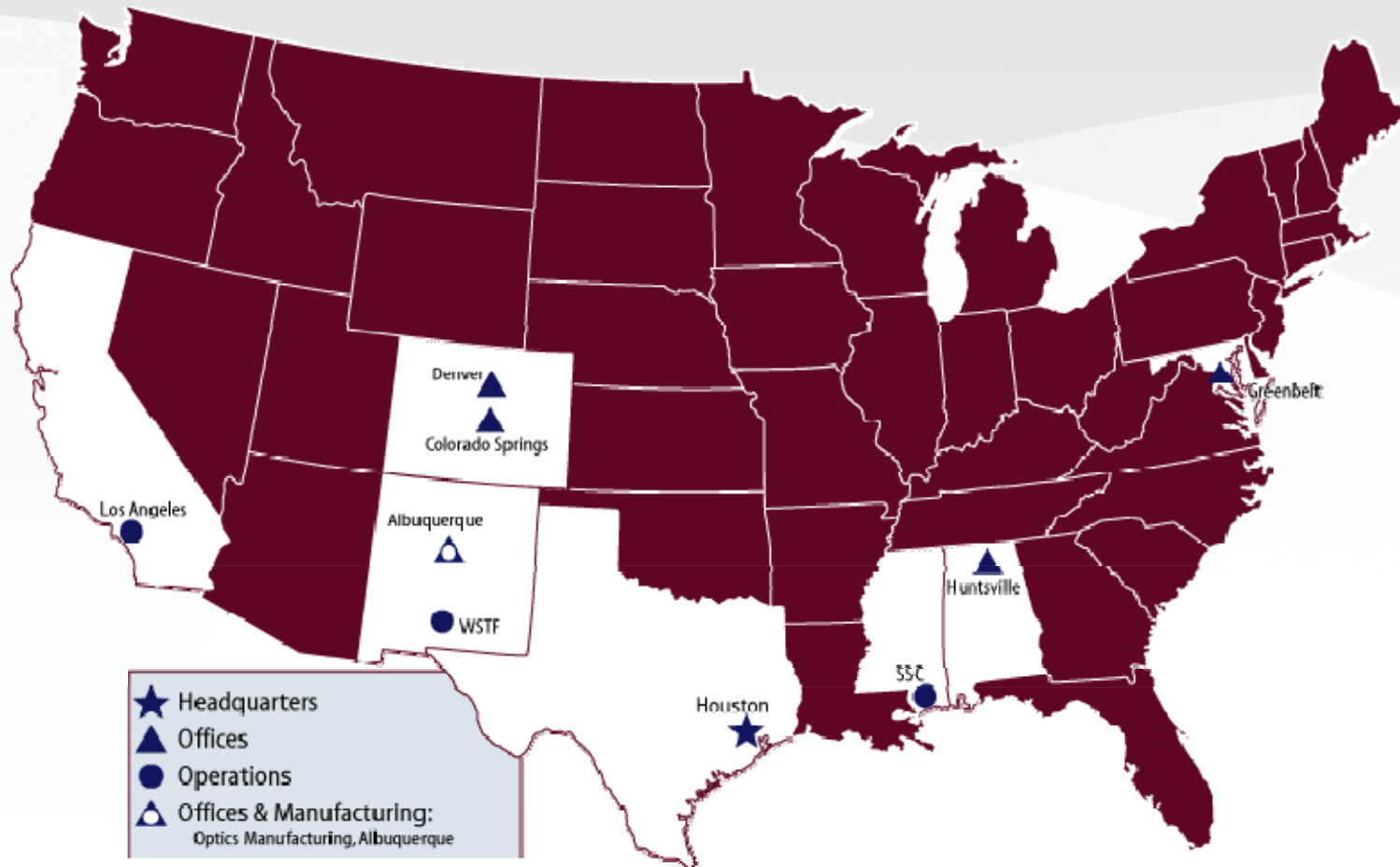
*Success in Small Business*





Merging Excellence and Innovation

## Who is MEI Technologies?



**Federal | Commercial | Investments | International**



**Investments**

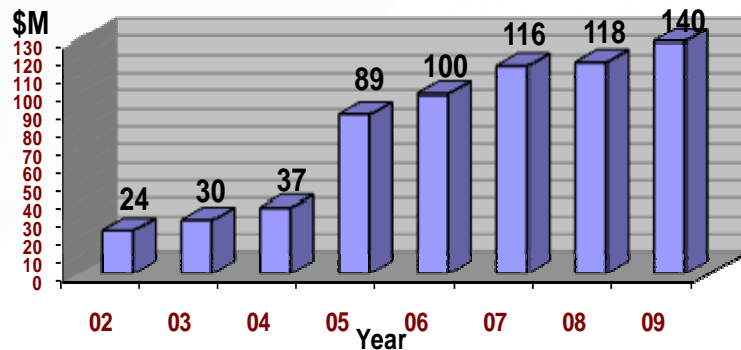


**Strategic Alliance Partners**





Annual Revenue



## How we got here

- Selling what customers want
- Help from others
- Being true to values
- Not letting conventional wisdom limit options
- Surrounding ourselves with winners
- Hiring leaders we would follow
- Not being too modest
- Listening to learn
- Being honest with ourselves
- Taking advantage of learning opportunities
- Focusing on capacity first
- Welcoming diversity



**“Leaders are  
born  
with an innate talent  
to question  
conventional wisdom.”**

*- John G Agno*



**MEI TECHNOLOGIES**

Merging Excellence and Innovation



# National Defense Industrial Association Executive Seminar ***SMALL BUSINESS INNOVATIONS AND CONTRIBUTIONS***



**The Honorable Malcolm Ross O'Neill**  
Assistant Secretary of the Army  
(Acquisition, Logistics and Technology)  
and Army Acquisition Executive  
May 25, 2010



# 7<sup>th</sup> Annual National Small Business Conference

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**WHO:** Hon Malcolm Ross O'Neill, Assistant Secretary of the Army (Acquisition, Logistics and Technology) and Army Acquisition Executive

**WHAT:** 7<sup>th</sup> Annual National Small Business Conference

**WHEN:** Tuesday, May 25, 2010 – 0830-0915

**WHERE:** Von Braun Center – Huntsville, AL

**PURPOSE:** Small Business Innovations and Contributions

**SYMPOSIUM THEME:** Small Businesses in Economic Recovery

**OTHER SPEAKERS INCLUDE:**

- Mr. James Chilton, Vice President, Huntsville Space Exploration, The Boeing Company
- Mr. Pete Steffes, Vice President, Legislative Affairs , NDIA
- Mr. James Wright, Army Program Manager for Strategic Sourcing, US Army Contracting Command
- Mr. Joseph Jordan, Associate Administrator for Government Contracting and Business Development, US Small Business Administration

**AUDIENCE/ATTENDEES:** Small Business attendees interested in strengthening their existing business operations with DoD .





# Did You Know?



1. This Current Multi-Billion Dollar Company Started Off As A Small Business Financed By The Sale Of A VW Bus And An HP Scientific Calculator.

**a) Apple**



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# Did You Know?



## 2. How much did Army Contracting spend last night in Procurement dollars?

**a) \$397M**

**Also - on 30 Sept 2009 - last day of fiscal year –  
Army spent \$5.3B in contracts in one day!**



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# Did You Know?



**3a. How much did we spend on the Logistics Civil Augmentation Program (LOGCAP) last year?**

**a) Nearly \$8 Billion**

**3b. Since inception?**

**a) \$35.7 Billion LOGCAP III (as of March 31, 2010)  
\$2.4 Billion LOGCAP IV (as of March 31, 2010)**



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# Did You Know?



## 4. How much did we spend in Contracted \$'s for Fiscal Years 2008, 2009 and 2010?

**a) \$360 Billion**



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# Did You Know?



## 5. What proportion of Federal contracting is executed by the Army?

a) FY08 = 31.5%



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# Did You Know?



## 5. What proportion of Federal contracting is executed by the Army?

a) FY08 = 31.5%

U.S. ARMY PROVIDES INDUSTRY  
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FOR BUSINESS GROWTH



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# Vision



**ASA(ALT) Is Committed To Maximizing  
Small Business Opportunities In Support Of  
The Warfighter.**

## **Topics:**

- **Understanding how Army Supports Small Business Programs**
- **Appreciate the Value of Small Business Partner Contributions**
- **Build on Success – Expand Relationships with Small Businesses**



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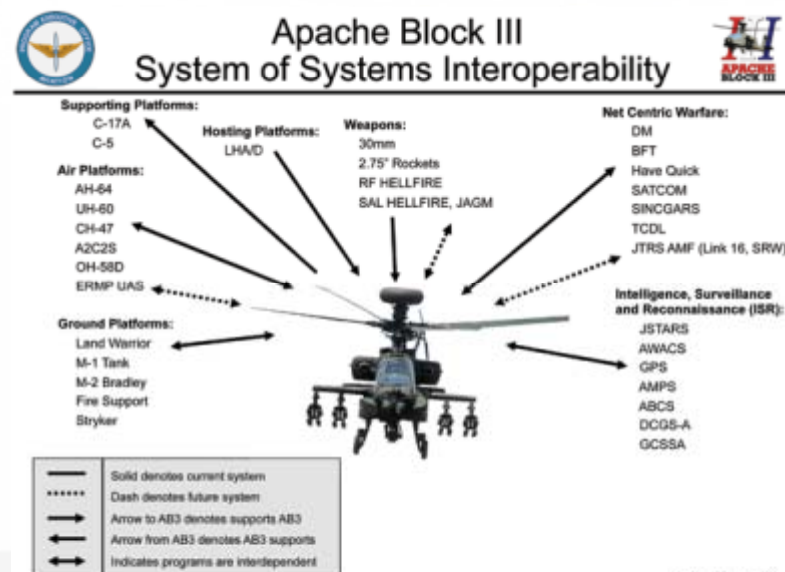
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# Areas of Army Interest



- Advise the Secretary of the Army and Army Leadership on Small Business related matters
- Spearhead Innovative initiatives that contribute to expanding the Small Business Industrial Base relevant to the Army mission and priorities
- Leverage Small Business Outreach programs in support of science and technology programs.





# Key Customers and Stakeholders



- Soldiers
- American Citizens
- Industry and Academia
- Peers, Superiors and Subordinates



**Acquisition is a Team Sport.**



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# Acquisition Challenges



- Support Ongoing Operations in Iraq and Afghanistan and Downsize Responsibly
- Develop Materiel for Future Army and Maintain Decisive Edge
- Identify and Address Inefficiencies
- Make Acquisition Process Amenable to Technological Evolution
- Rebuild and Rebalance the Capabilities of the Acquisition Workforce
- Align Program Management with Emerging Army Portfolios

**We Never Want a Fair Fight.**



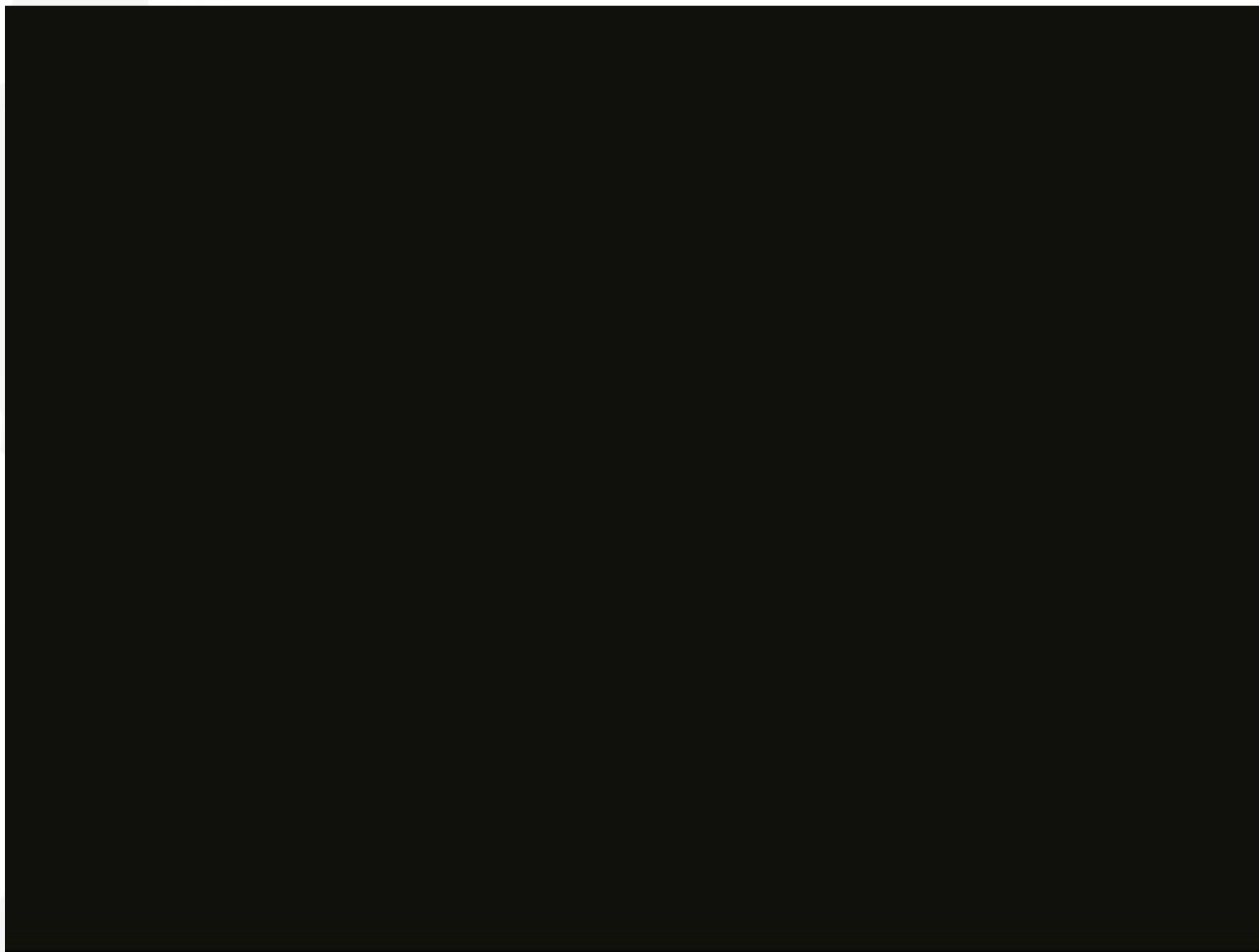
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# A “Transforming” Challenge to Industry



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# What is Considered “Small Business”?



## General Construction

• \$17M Annually



## Specialty Construction

• \$7M Annually



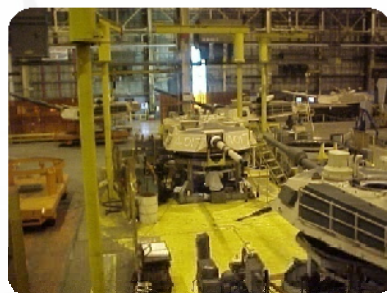
## Architect-Engineering

• \$2.5M Annually



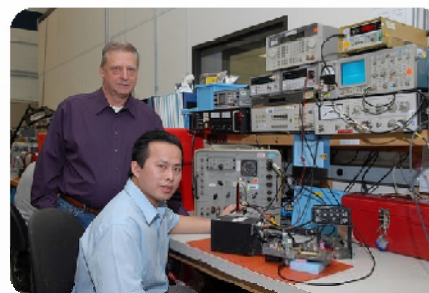
## Computers

• \$18M Annually



## Manufacturing

• 500-1500 Employees



## Research and Development

• \$2.5M Annually



## Services

• \$3.5-20M Annually



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# Small Business Is ...



## Big Business!

- 23 Million American small businesses
- Create more than 50% of industrial innovations/inventions
- Employ more than half of all non-farm private sector employees
- Generate more than 50% of U.S. gross domestic product
- Principal source for new jobs in the U.S. economy (60-80% during 1990s)

## Smart Business!

- Innovative methods to achieve cost, schedule & performance
- 13 to 14 times more patents per employee than large firms and these patents are twice as likely to be among the 1% most cited
- Invented by small business:
  - ✓ Airplane
  - ✓ Air Conditioning
  - ✓ Helicopter
  - ✓ Phraselator
  - ✓ FM Radio





# Mutually Beneficial Relationship



## Government Benefits

- Leaders in Innovation
- Flexibility
- Responsiveness to Change
- Lower Overhead Rates
- Lower Prices
- Direct Access to Decision Makers

## Small Business Benefits

- Establish Past Performance Record
- Strengthen Financial Status
- Expand Expertise and Plant Facilities
- Gain Experience in Contract Management





# Army Prime Contract Awards (FY09)



	FY 09 (\$M)	National Goal	% Achieved
US Business	\$104,379		
Small Business	\$29,590	23.0 %	28.34%
Small Disadvantaged	\$11,310	5.0%	10.84%
Women-owned	\$4,458	5.0%	4.27%
HUBZone	\$5,322	3.0%	5.09%
Veteran-Owned	\$4,416		4.23%
Service-Disabled Veteran-Owned	\$2,561	3.0%	2.45%
HBCU/MI **	\$61	5.0%	11.60%

**\*\* Contract dollars to educational institutions**

FPDS-NG Data as of 5/14/10



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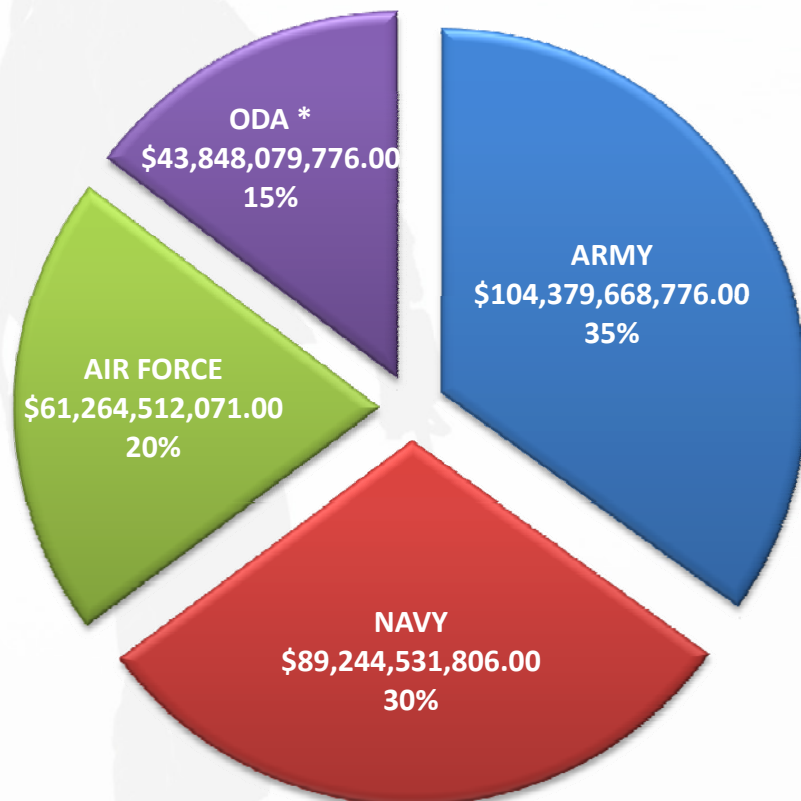
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# FY09 DoD Spending by Agency



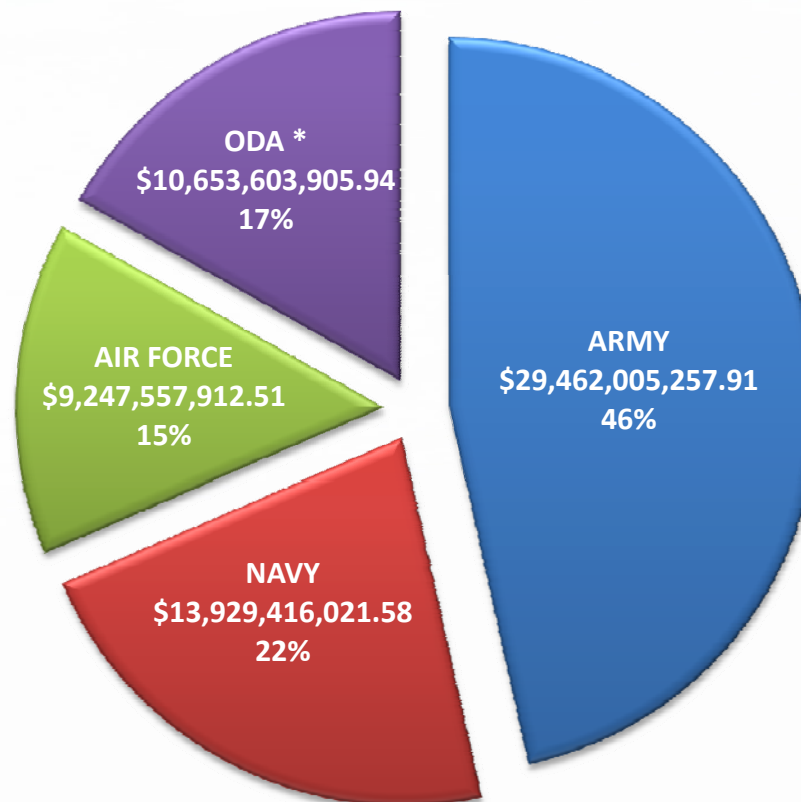
## Total Spending



**Total: \$298,736,792,429**

\* ODA = Other Defense Agency

## Small Business Spending



**Total: \$63,292,583,098**

FPDS-NG Data as of 4/29/10



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# Seeking Innovation – An Example

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# Success Stories



## Hontek Corporation: Erosion Protection Technologies



## Ultracell: 25W Reformed Methanol Fuel Cell for Soldier Power



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# Success Stories



## First RF Corporation: Dual Band Antenna



## SAVIT Corporation: Wide Angle Robotic Vehicular Vision System (WARVVS)



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# ASA(ALT) Focus

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- Leverage Improvement Opportunities to Conserve Scarce Resources
- Participation by Army Small Business Office in Major Systems Reviews
- Promote Greater Involvement of Small Businesses in Army Contracts for Services
- Emphasize Service-Disabled Veteran-Owned Small Business Program





# Improvement Opportunities

## PROGRAM RISK:

- Unrealistic Requirements
- Trade Space Inefficiencies
- Immature Technology
- Lack of M&S utilization
- Technology Producibility

## LIFECYCLE COST:

- Excessive O&M Cost Growth
- Better is Enemy of Good-enough
- Incentivizing O&S cost reduction



## CYCLE TIME:

- Product Obsolescence of Equipment Due to Acq. Cycle
- Technology Evolution Faster Than Traditional Acq. Process
- T& E efficiency
- Requirements Creep

## MANAGEMENT OF RESOURCES:

- Under-strength Workforce
- Under-resourced Training
- Weak Enterprise Resource Plan/Business Mgt
- Lack of Transparency
- Wartime v. Baseline Budget (False Sense of Security)

## BUSINESS DEALS:

- Unclear Contract Requirements
- Poor Program Performance
- Bloated Contractor Overheads (G&A\$)





# Standards



- Honor
- Integrity
- Moral Courage



**“No” is a Perfectly Acceptable Answer.**



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# Goals



- ✓ **Meet Challenges**
- ✓ **Be Good Stewards**
- ✓ **Satisfy Key Customers**
- ✓ **Maintain Standards**

**We *MUST* Focus on Outputs....**



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*... the vast majority of innovative and revolutionary components, systems, and approaches that enable and sustain our technological advantage reside in the commercial marketplace, in small defense companies, or in America's universities. Therefore, the Department will work to establish requirements and pursue specific programs that take full advantage of the entire spectrum of the industrial base at our disposal: defense firms, purely commercial firms, and the increasingly important sector of those innovative and technologically advanced firms and institutions that fall somewhere in between.*

## QUADRENNIAL DEFENSE REVIEW REPORT

February 2010



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# National Defense Industrial Association Executive Seminar

## ***SMALL BUSINESS INNOVATIONS AND CONTRIBUTIONS***



**The Honorable Malcolm Ross O'Neill**

Assistant Secretary of the Army  
(Acquisition, Logistics and Technology)  
and Army Acquisition Executive

May 25, 2010

# **UAHuntsville**

THE UNIVERSITY OF ALABAMA IN HUNTSVILLE

**SMALL BUSINESS DEVELOPMENT CENTER**  
**PROCUREMENT TECHNICAL ASSISTANT CENTER**

## ***What we can do for you!***

Presented by: Joseph Osborn, Procurement Business Counselor



AN INSTITUTIONAL MEMBER  
OF THE ALABAMA SMALL BUSINESS  
DEVELOPMENT CONSORTIUM

**U.S. Small Business Administration**







# INTRODUCTION

- Kannan Grant- Interim Director
- Jeff Smith- Associate Director
- Steve Briere- Associate Director
- Joseph Osborn- Procurement Business Counselor
- Mary Jane Fleming- Procurement Specialist
- Beverly Pike- Office Manager



## Welcome to the Office of Small Business Programs

[What DLA Buys](#) | [Doing Business with DLA](#) | [PTAP](#) | [SB Offices](#) | [Contact Us](#)

[Home](#)

[Small  
Business](#)

[SDB/8\(a\)](#)

[HUBZone](#)

[Veteran-  
Owned/Service  
Disabled](#)

[Women-  
Owned](#)

[Sub-  
Contracting](#)

[Set Asides](#)

[Other Links](#)

### PTAP

#### *What is the PTAP?*

The DoD Procurement Technical Assistance Cooperative Agreement Program was established by Congress in 1985. The purpose of the program is to generate employment and to improve the general economy of a locality by assisting business firms in obtaining and performing under federal, state, and local government contracts.



The Defense Logistics Agency, on behalf of the Secretary of Defense, administers the DoD PTAP.

The Program is funded through a cost-sharing Cooperative Agreement with the Department of Defense to establish Procurement Technical Assistance Centers (PTACs), who are charged with assisting businesses in learning how to do business with federal, state, and local governments.

PTA Centers are a local resource available at no or nominal cost that can provide assistance to business firms in marketing their products and services. They offer training to businesses on how to research and bid on contracts, assist with registration requirements, provide bid-matching services, and assist with pre and post contracting issues.


#### CURRENT LISTING OF PROCUREMENT TECHNICAL ASSISTANCE CENTERS

[Click on your State for the location of the nearest PTAC](#)

[Information for PTAP funding recipients](#)




# **ALABAMA PROCUREMENT** **TECHNICAL ASSISTANCE CENTER**



The Alabama Procurement Technical Assistance Centers are part of a congressionally authorized initiative to assist businesses in marketing their goods and services to the U.S. Department of Defense, other federal agencies, and state and local governments. Each PTAC is dedicated to supporting our national security by ensuring a broad base of capable suppliers for the defense industry and other agencies, and to bringing the economic benefits of federal, state and local contracting to Alabama businesses.



# Alabama PTAC Background

- *Approximately 1,000 small businesses use our government contracting bid matching service daily.*
  - *For FY2008 our clients from around the state received more than \$2.6 billion in contract awards.*
  - *The money generated from these contract awards created or retained over 52,464 jobs for Alabama workers.*
- 




# UAHuntsville SBDC/PTAC Mission Statement

*The UAH SBDC / PTAC is committed to helping small businesses to survive and thrive through comprehensive business counseling and training.*





# UAHuntsville PTAC Background

- *Serving small business owners and prospective government contractors in a 7 County area in Northeast Alabama.*
  - *The counties we service are:  
Cullman, DeKalb, Jackson, Limestone, Madison,  
Marshall, & Morgan.*
- 



# UAHuntsville PTAC Background

*Work in conjunction with:*

- *Small Business Administration (SBA)*
- *Alabama Small Business Development Network*
- *Local Chambers of Commerce*
- *Lending Institutions*
- *Federal, State, and Local Agencies*
- *UAHuntsville*

# UAHUNTSMVILLE PTAC BACKGROUND

*UAHuntsville PTAC has an active clientele base of over 530 businesses. Over 460 businesses use our bid matching service daily.*

*For FY2009 UAHuntsville PTAC reported over \$400 million dollars in contracts awarded to our clients from local, state, and federal contracts, where they were either a prime or sub on the contract.*





# SERVICES WE PROVIDE


## *One-on-One Counseling*

- *Evaluate your firm's potential to compete in diverse government markets*
  - *Assistance with 8(a) Business Development Program and HUBZone Certification*
  - *Identify applicable small business socio-economic programs*
  - *Analyze your competition*
  - *Clarify government contracting requirements and regulations. (FAR- DFAR)*
  - *Assist with marketing research and contact support (includes: contact information for Prime Contractors and Federal Agencies)*
  - *Assist with your government contracting questions*
- 



# SERVICES WE PROVIDE

## *No-Cost Resources Include:*

- *Company specific bid matching service*
  - *Government Specs and Tech Documents*
  - *Price and procurement histories*
  - *Lists of state and federal buying agency contacts*
  - *Lists of subcontracting contacts*
  - *Web site references*
- 

# Training We Provide

*In the up coming fiscal year we will be offering new and more diverse training courses that deal with a wide array of government contracting issues:*

- DCAA Compliance
- DoD Mentor/Protégé
- GSA Schedule
- Government Contracting 101
- SBIR / STTR
- DIBBS
- Capability Statement Preparation
- Proposal Writing

# UAHUNTSVILLE PTAC BID MATCHING SERVICE

- *Locates government bid opportunities and eliminates time consuming searches.*
- *Provides specific daily reports delivered via e-mail based on a bid match profile for your company set up by a PTAC counselor, which includes keywords describing your product/services, NAICS codes, Federal Supply Codes and National Stock Numbers.*
- *Provides a variety of government bid opportunities by searching Federal, State, and Local procurement data bases.*
- *Only the bids you want to see based on your profile will be delivered to you.*
- **No Cost to our Clients.**

# UAHUNTSVILLE PTAC LOCATION

*This presentation was presented by:*

*Joseph Osborn, Procurement Business Counselor  
The University of Alabama Huntsville SBDC/PTAC  
126 G Business Administration Building  
Huntsville, Alabama 35899*

256-824-6456

[Joseph.Osborn@uah.edu](mailto:Joseph.Osborn@uah.edu)

# 8 Steps for Creating Small Business Success Stories





# Background

Laser Shot provides firearms training simulation solutions to military and law enforcement professionals around the globe. Laser Shot systems are utilized by some of the most respected federal, state, and municipal government entities on the planet. Federal Law Enforcement Training Center (FLETC), US Office of the Inspector General, FBI, Department of Defense, and West Point Military Academy are just a few of Laser Shot's customers.

# Profile

- 35M Annual Revenue
- 6K Systems Deployed
- 10K Inert Training Weapons
- 13M in Ranges
- 95 Employees
- 3 Office Locations, 4 Satellite Locations
  - Stafford, TX Corporate Office
  - Orlando, FL
  - London, England
  - Bahrain, Guam, Imperial Beach CA and Norfolk VA.

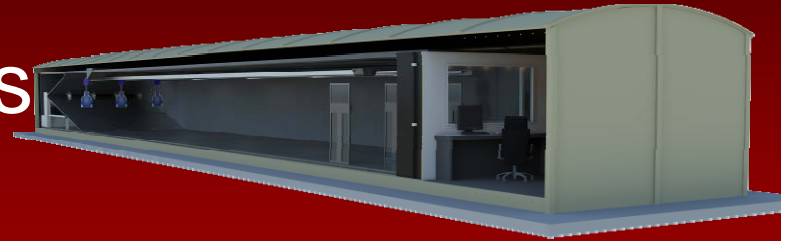




# Live Fire Products

- Modular Shooting Ranges

- No Surface Danger Zones
- Green Range Technology



- Mobile Ranges

- 40', 48', 53' and 106'
- Rated to 7.62mm



- Modular Shoot Houses

- No Surface Danger Zone
- Re-Configurable Interiors
- Explosive, Shotgun and mechanical breeching



# Crew Training Systems

- Vehicular Convoy & Gunnery Trainers
- Helicopter Crew & Gunnery Trainers
- Boat Gunnery Trainers



# Naval Boat Gunnery Trainer Project

- Purpose: To enable immersive mission & crew training in a reactive environment.
  - Conduct day or night afloat training missions as groups or individuals
  - Include onboard systems for radar, ship to shore, & crew communications
  - Provide functioning inert weapons package that included the MK19 40MM, M2 .50Cal, & M240 7.62MM weapon systems and all crew personal small arms.



# Step 1: Identify Market Demand

- Attend industry specific events
- Collect Feedback
- Evaluate competitors



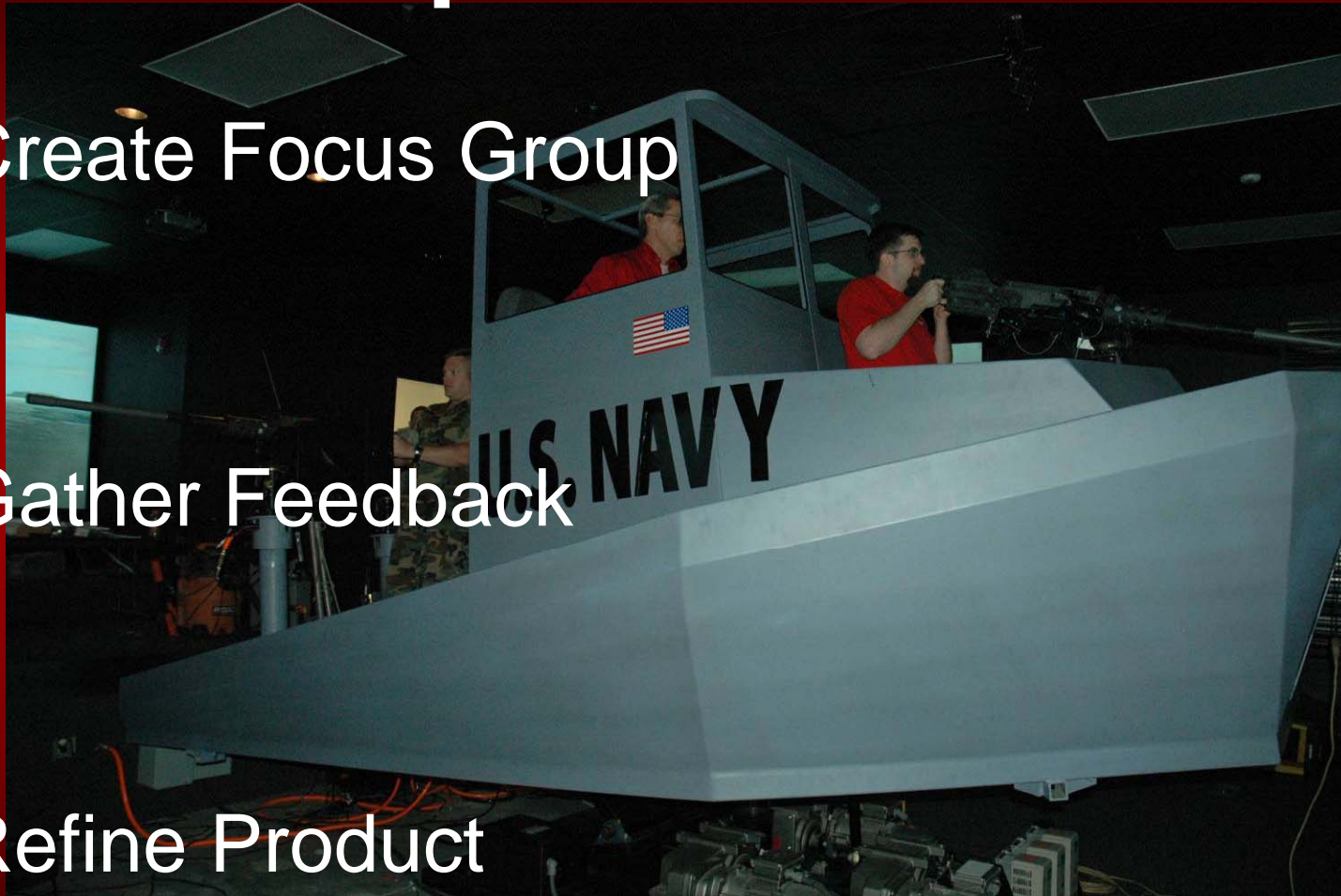
# Step 2: Research & Development

- Create Team
- Develop Concepts
- Test Concepts



# Step 3: Evaluate

- Create Focus Group
- Gather Feedback
- Refine Product





# Step 4: Market Strategy

- Who are you trying to reach?
- What are their objectives?
- How does your product meet those objectives?
- Know the Decision Makers within the market
  - Budget
  - Keywords
  - Meeting places



# Step 5: Demonstrate

- Decide on venue
- Invite potential & existing clients
- Create special kits for VIP clients and press
- Designate specific personnel to handle press





# Step 6: Launch

- Issue Press Release
- Follow up with event attendees
  - Thank
  - Brief product overview
  - Release date
- Remind
- Sell!



# Step 7: Quality Control

- Inventory
- Inspect
- Test



# Step 8: Project Evaluation

- Process
- Market Impact
- Buyer feedback
- Press Campaigns



# Boat Gunnery Trainer Results

- Objective met
- 3.2 million dollars in fuel savings
- 2.8 million dollars in ammunition savings
- 30% reduction in boat maintenance
- 38% increase in 1<sup>st</sup> time qualification rates of gunners on all weapons systems



Thank You For Watching!





**U.S. Army  
Space and Missile Defense  
Command /  
Army Forces Strategic  
Command  
Contracting and Acquisition  
Management Office**





# Commanding General

U.S. Army Space and Missile Defense Command  
/ Army Forces Strategic Command

Deputy - OPS

Deputy - RDA

100<sup>th</sup> MD  
Bde  
(GMD)

49<sup>th</sup>  
MD Bn  
(GMD)

BMDSM

Astronaut  
Det

Ft.  
Greely

1<sup>st</sup> Space Bde

53<sup>rd</sup> Signal  
Bn  
(SATCON)

1<sup>st</sup>  
Space  
Bn

117<sup>th</sup>  
Space Bn  
(COARNG)

Space and Missile  
Defense Future  
Warfare Center

Space and  
Missile Defense  
Battle Lab

Directorate of  
Combat  
Development

Simulation and  
Analysis  
Directorate

Space and  
Missile Defense  
Technical  
Center

Technology  
Directorate

T&E  
Directorate

Missile Defense  
Testing

USAKA/RTS

HELSTF

Technical  
Interoperability  
and Matrix  
Center

Interoperability  
Directorate

Systems  
Integration  
Directorate

Matrix Mgmt  
Directorate

Contracting and  
Acquisition  
Management  
Office





*U.S. Army Space and Missile Defense Command/  
Army Forces Strategic Command*



# Mission

## **The U.S. Army Space and Missile Defense Command / Army Forces Strategic Command (USASMDC/ARSTRAT):**

- Conducts space and missile defense operations
- Provides planning, integration, control, and coordination of Army forces and capabilities in support of assigned U.S. Strategic Command (USSTRATCOM) missions
- Serves as the proponent for space, high altitude, and ground-based midcourse defense (GMD)
- Is the Army integrator for global missile defense
- Conducts mission-related research and development in support of Army Title 10 responsibilities

Reference: AR 10-87 & GO 37

*"Secure the High Ground"*

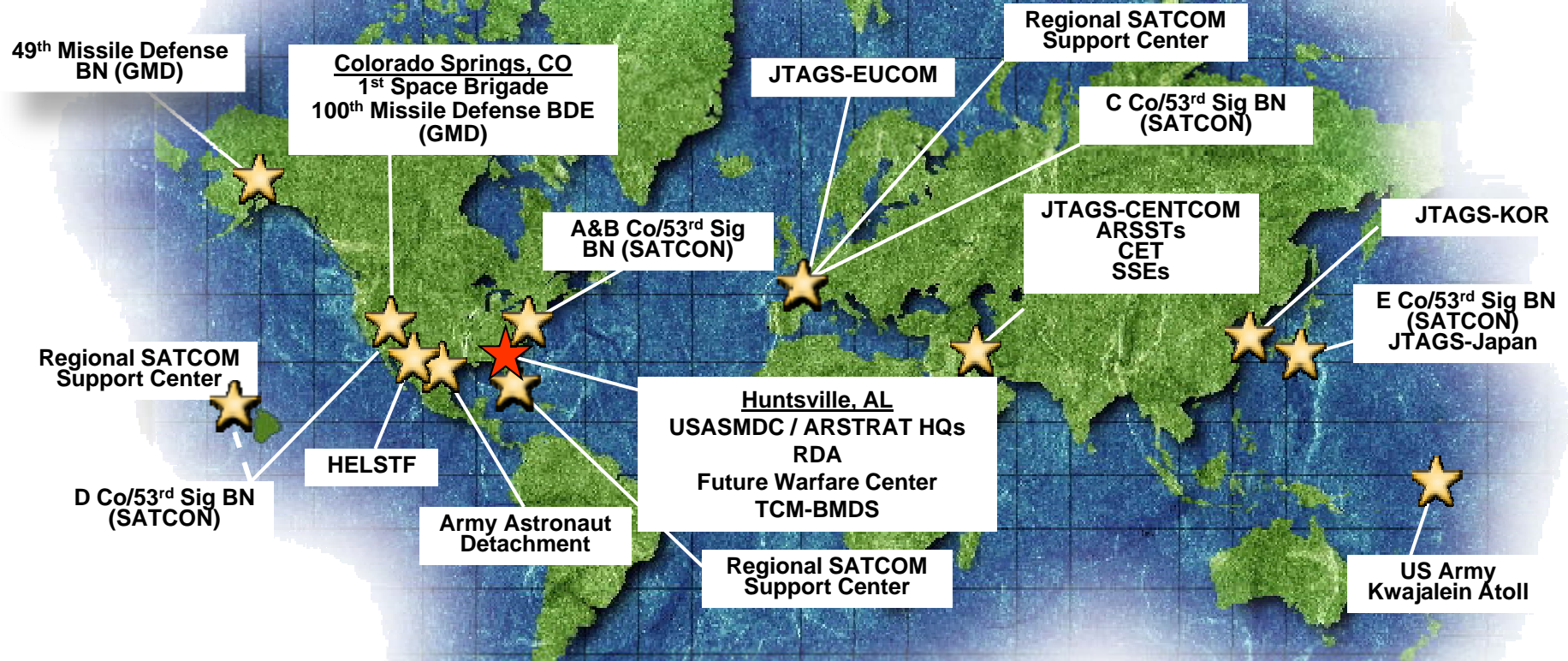




*U.S. Army Space and Missile Defense Command/  
Army Forces Strategic Command*



# USASMDC / ARSTRAT - A Global Command

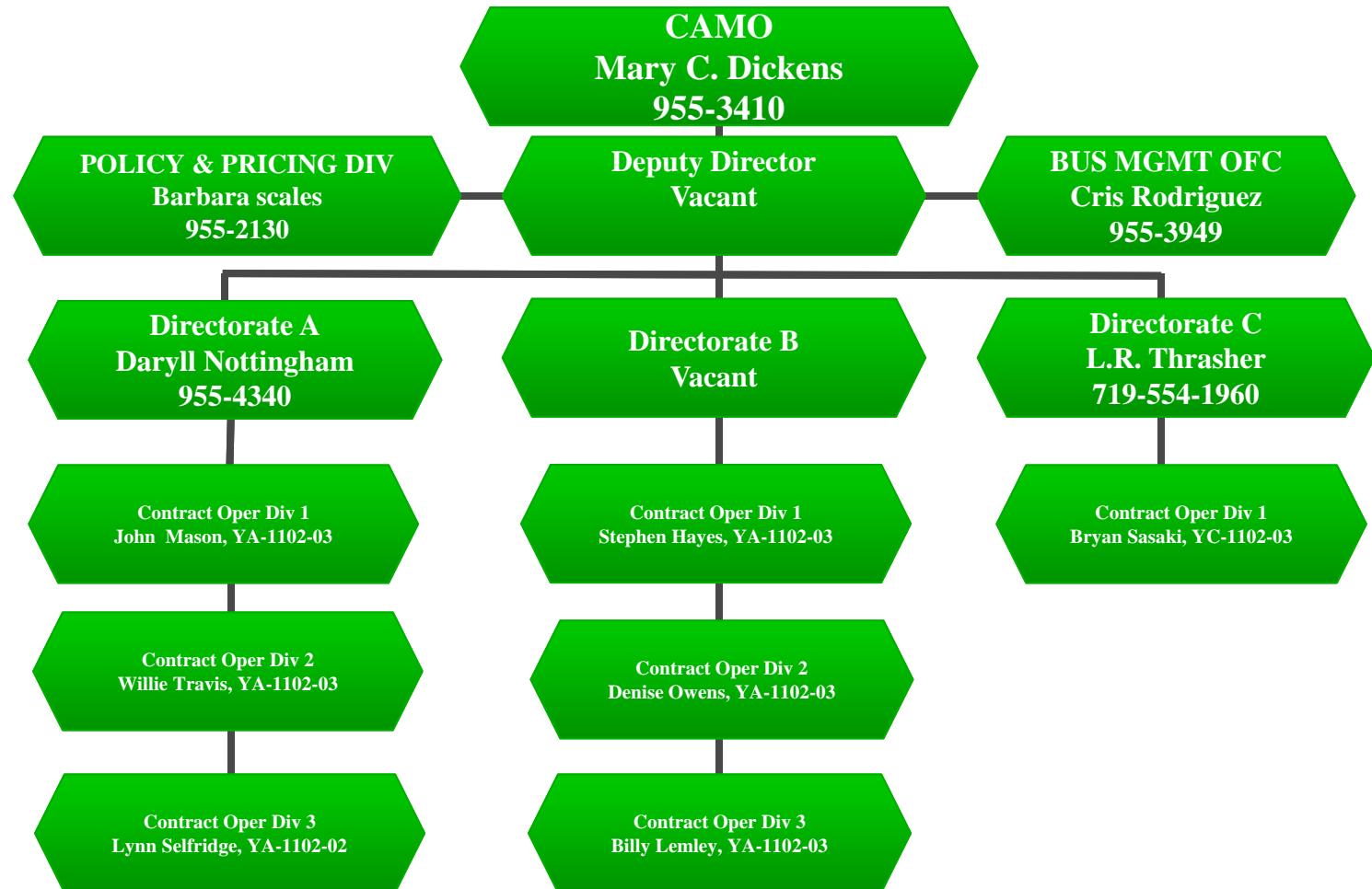


*"Secure the High Ground"*



*U.S. Army Space and Missile Defense Command/  
Army Forces Strategic Command*

**Contracting and Acquisition Management Office**





*U.S. Army Space and Missile Defense Command/  
Army Forces Strategic Command*



## Scope of Support

- Research & Development
- Concept Development, Prototyping and Limited Production Capability
- Operations Support
- Range Support
- Force Protection
- Facilities Support
- Chemical & Biological Medical Defense Support
- Department of the Army – Small Business Programs, Mentor Protégé Program



*U.S. Army Space and Missile Defense Command/  
Army Forces Strategic Command*



## Range of Actions

- Command-Wide Enterprise Contracts
- Individual Contracts
- SBIR Program
- Broad Agency Announcements
- Grants
- Other Transactions



*U.S. Army Space and Missile Defense Command/  
Army Forces Strategic Command*



# KEY CUSTOMERS

- Space and Missile Defense Technical Center
- Space and Missile Defense Future Warfare Center
- Technical Interoperability and Matrix Center
- 1st Space Brigade
- 1st Space Battalion
- 100th Missile Defense Brigade
- 117th Space Brigade
- 49th Missile Defense Battalion
- 53rd Signal Battalion
- Ballistic Missile Defense System Manager
- High Energy Laser Systems Test Facility
- Reagan Test Site, Kwajalein
- Regional SATCOM Support Centers
- Missile Defense Agency
- Program Executive Office, Missiles and Space
- Program Executive Office, Enterprise Information Systems
- Program Executive Office for Intelligence, Electronic Warfare and Sensors
- DoD Counter NarcoTerrorism Technology Program Office Program and Operations Support
- Joint Program Executive Office, Chemical and Biological Defense
- Office of the Secretary of Defense, Quality of Life Program
- U.S. Army Asymmetric Warfare Group
- Joint Improvised Explosive Device Defeat Organization
- Rapid Aerostat Initial Deployment
- Joint Land Attack Cruise Missile Defense Elevated Netted Sensor

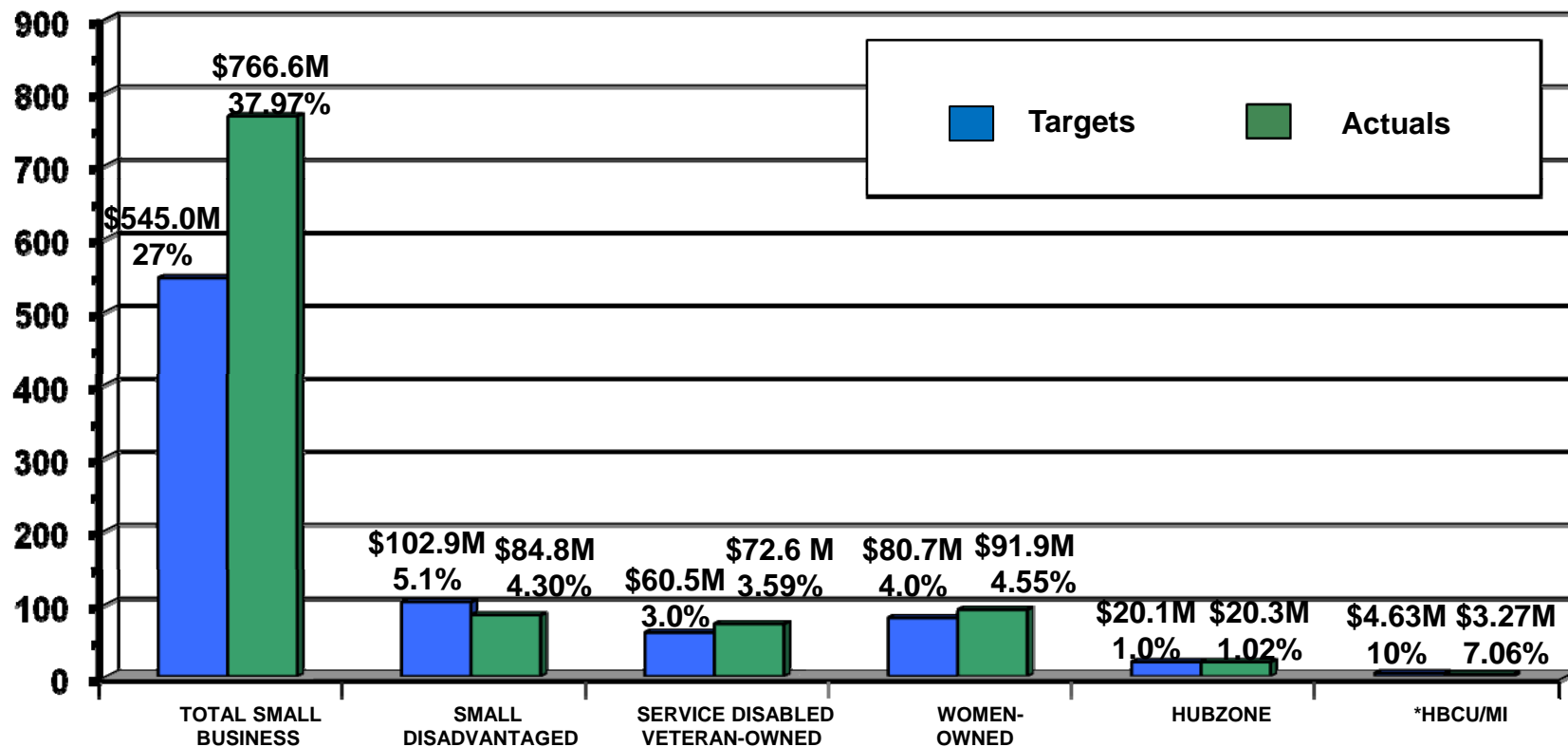
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*U.S. Army Space and Missile Defense Command/  
Army Forces Strategic Command*



**FY 09 Small Business Targets vs Actuals**  
**Thru 30 SEP 09 U.S. Contract Obligations are: \$2018.8M**



\*HBCU/MI target and actual is based on U.S. contract obligations to universities as of 30 SEP 09: \$46.0M

*"Secure the High Ground"*

UNCLASSIFIED

AS OF: 01 DEC 09

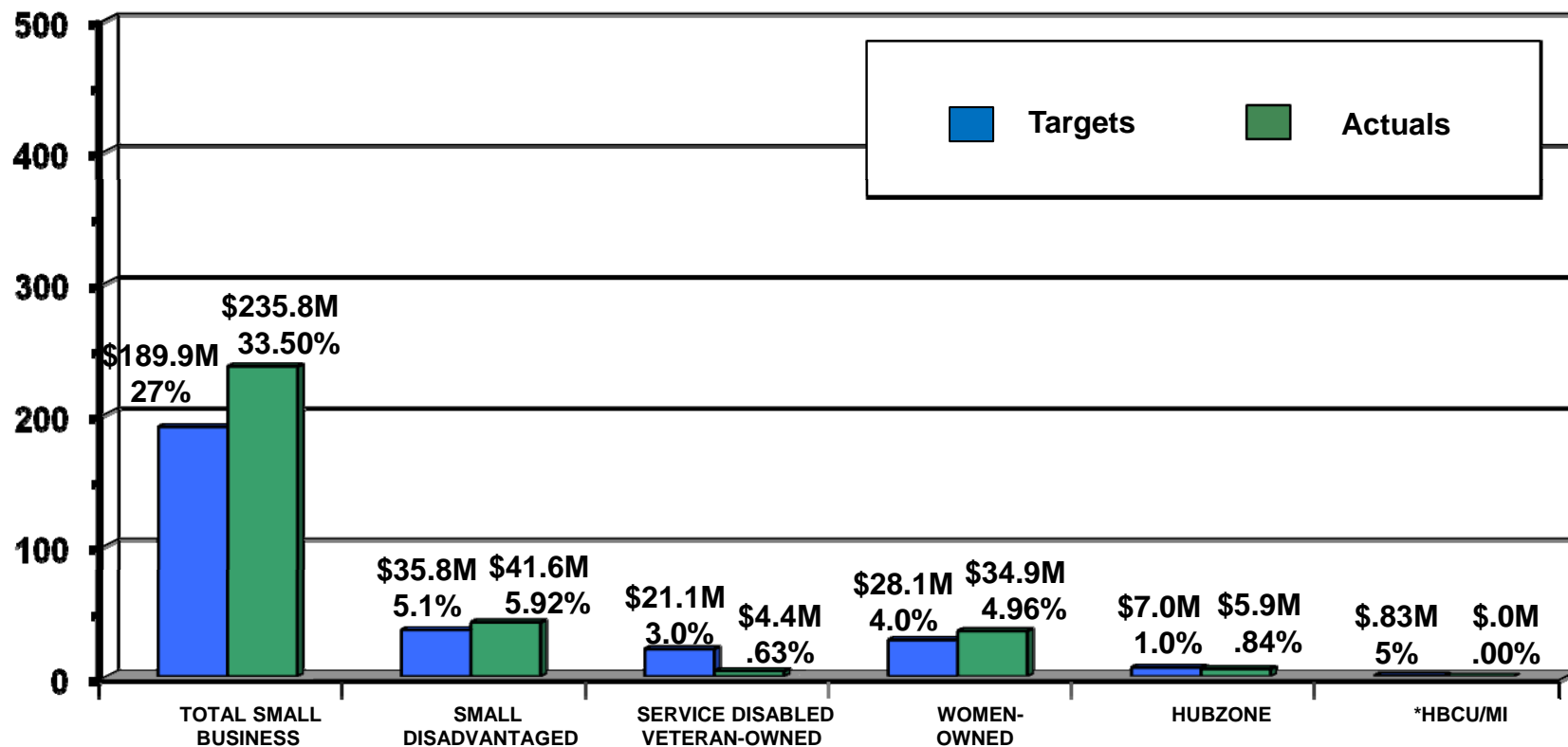
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*U.S. Army Space and Missile Defense Command/  
Army Forces Strategic Command*



**FY 10 Small Business Targets vs Actuals**  
**Thru 30 APR 10 U.S. Contract Obligations are: \$703.7M**



\*HBCU/MI target and actual is based on U.S. contract obligations to universities as of 28 APR 10: \$16,673,749

*"Secure the High Ground"*

UNCLASSIFIED

AS OF: 30 APR 10





*U.S. Army Space and Missile Defense Command/  
Army Forces Strategic Command*



## Significant Acquisitions-FY10

- **Long Endurance Multi-Intelligence Vehicle (LEMV)**
  - Other Transaction Authority
  - Currently in Source Selection
  - Planned Award in June, 2010
- **Science, Engineering and Technical Assistance**
  - Multiple Award IDIQ
  - Acquisition Strategy currently in staffing
  - Draft RFP Released 13 April 2010 for Comment
  - No substantial changes to scope
- **Warfighter Analysis & Integration Contract**
  - Multiple Award IDIQ
  - Final Evaluation in Process
  - Award planned for June, 2010
- **Design, Development, Demonstration and Integration (D3I)**
  - Multiple Award IDIQ
  - Market Research Complete
  - Release of draft RFP planned for August, 2010
- **Overall, 13 Source Selections currently planned for FY10 including internal and external customer support**







*U.S. Army Space and Missile Defense Command/  
Army Forces Strategic Command*



# Summary

- Highly diverse mission
- Partner with Missile Defense Agency, PEO, Missiles and Space as well as other agencies within the missile defense/space realm
- History of achievement with Small Business Support
  - Total Commitment
  - Continued Focus on Expanded Opportunities

# *NDIA Government Policy Division*

## *Legislative Update*

*NDIA National Small Business  
Conference*

*May 25, 2010*

## *Small Business Legislation 111<sup>th</sup> Congress*

- *Bills Introduced in the House: 51*
- *Bills Passed by the House: 10*
- *Bills Introduced in the Senate: 24*
- *Bills Passed by the Senate: 3*
- *Bills Enacted into Law: 5*

*Four Short Term SBIR Extensions  
for all except DoD, one on the use of  
previously appropriated funds*

## *111<sup>th</sup> Congress Small Business Legislation Introduced in the Senate*

*S 177: Strengthening Our Economy Through Small Business  
Innovation Act of 2009*

*S 1070: Establish the Small Business Information Security Task  
Force*

*S 1161: Small Business Paper Relief Act of 2009*

*S 1196: International Trade Enhancements Act of 2009*

*S 1208: Export Opportunity Development Act of 2009*

*S 1229: Entrepreneurial Development Act of 2009*

*S 1489: Small Business Contracting Programs Parity Act of 2009*

*S 1615: Next Step for Main Street Credit Availability Act of 2009*

*S 1831: Venture Capital Act of 2009*

*S 1832: Access to Capital Act of 2009*

*S 2770: Venture Business Center Act of 2009*

*S 2780: Intermediary Lending Pilot Program Act of 2009*

## *111<sup>th</sup> Congress Small Business Legislation Introduced in the Senate*

- S 2862: Export Enhancement and International Trade Act of 2009*
- S 2869: Job Creation and Access to Capital Act of 2009*
- S 2918: Helping Small Business Succeed Act of 2009*
- S 3084: Export Promotion Act of 2010*
- S 3089: Require a Study and Report by Office of Advocacy of the SBA regarding the effects of proposed changes in patent law*
- S 3103: Job Creation Act of 2010*
- S 3190: Small Business Programs Parity Act of 2010*
- S 3228: SBA to make grants to small business concerns to assist the commercialization of research developed with funds received under the second phase of the SBIR Program*
- S 3020: HUBZone Improvement Act of 2010*
- S 1233: SBIR/STTR Reauthorization Act of 2009*
- S 2989: Small Business Contracting Revitalization Act of 2010*



## *111<sup>th</sup> Congress Small Business Legislation Introduced in the House*

- HR 440: Small Business Liability Reform Act*
- HR 456: Disabled Veteran SB Eligibility Expansion Act of 2009*
- HR 535: Working small business regulatory relief act*
- HR 575: Increase guaranteed loans for small businesses*
- HR 648: Women's Business Ownership Act*
- HR 1491: Securing Equity for the Economic Development of  
Low Income Areas Act of 2009*
- HR 1538: Repeal SB Competitiveness Demonstration Program*
- HR 1763: The Responsible Reinvestment Act of 2009*
- HR 1803: Veterans Business Center Act of 2009*
- HR 1838: Funding for SBA Woman's business center*
- HR 1839: Amend the Small Business Act to improve SCORE*
- HR 1842: Expanding Entrepreneurship Act of 2009*

*111<sup>th</sup> Congress Small Business  
Legislation Introduced in the House*

*HR 1845: Small Business Development Centers  
Modernization Act of 2009*

*HR 2281: Small Business Opportunity Act of 2009*

*HR 2299: Minority SB Enhancement Act*

*HR 2415: Use of federal supply schedules to meet  
contracting goals*

*HR 2416: Use of federal supply schedules to meet  
contracting goals*

*HR 2461: Veterans Small Business Verification Act*

*HR 2527: Small Business debt refinancing*

*HR 2568: Fairness and Transparency in Contracting Act 2009*

*HR 2769: Commercializing Small Business Research and  
Development Act*

*HR 2747: Rural Technology Development and Outreach Act*

*111<sup>th</sup> Congress Small Business  
Legislation Introduced in the House*

*HR 2767: Investing in Tomorrow's Technology Act*

*HR 2772: SBIR and STTR Enhancement Act*

*HR 3223: VA Contracting Goals*

*HR 3363: To amend the Small Business Act to improve the  
preference for small business concerns owned  
and controlled by veterans*

*HR 3558: Small Business Fair Competition Act*

*HR 3684: American Small Business Innovation Act*

*HR 3722: Enhanced New Markets and Expanded Investment  
in Renewable Energy for small Manufacturers Act  
of 2009*

*HR 3723: Credit Expansion and Loan Markets Stabilization Act  
of 2009*



## *111<sup>th</sup> Congress Small Business Legislation Introduced in the House*

- HR 3729: To amend section 31 of the Small Business Act with respect to awarding contract opportunities to qualified HUBZone small business concerns,*
- HR 3738: Early-Stage Investment Act of 2009*
- HR 3740: Small Business Company Investment Act of 2009*
- HR 3771: Establish Mentorship and Assistance programs*
- HR 3854: Financing and Investment Act of 2009*
- HR 4125: Service-Disabled Veteran Owned SB Procurement Reform Act of 2009*
- HR 4220: Promoting Jobs for Veterans Act of 2009*
- HR 4253: To amend the Small Business Act to change the net worth amount under the small business program for socially and economically disadvantaged individuals from \$750,000 to \$978,722, and for other purposes*
- HR 4265: Direct Lending Program for Small Businesses*

## *111<sup>th</sup> Congress Small Business Legislation Introduced in the House*

- HR 4295: Small Business Emergency Capital Assistance Act of 2009*
- HR 4302: Job Creation and Access to Capital Act of 2009*
- HR 4420: SB Contracting Protection Act of 2010*
- HR 4422: Minority Entrepreneurship and Business Development Act*
- HR 4496: Helping SB Compete Act of 2010*
- HR 4549: SB Innovation to Job Creation Act of 2010*
- HR 4660: To direct the Comptroller General of the United States to conduct a study on the performance of Federal Government in meeting certain small business procurement contracting goals, and for other purposes*
- HR 4818: Not Too Small to Succeed in Business Act of 2010*
- HR 4849: Small Business and Infrastructure Jobs Tax Act of 2010*
- HR 4929: Expanding Opportunities for Main Street Act of 2010*
- HR 4508: To provide for an additional temporary extension of programs under the Small Business Act and the Small Business Investment Act of 1958*

## *Unresolved Major Issues*

- *SBIR/STTR Re-Authorization:*
  - *House Passed Version: July 8, 2009*
  - *Senate Passed Version: July 13, 2009*
  - *Final Resolution of Differences Under Consideration by Conference Committee*
  - *Both Versions expire on January 1, 2010*

## *SBIR/STTR Re-Authorization Continued*

- Major *Differences* Between Senate and House Versions:
  - Senate Re-Authorizes to *2017*
  - House Re-Authorizes to *2011*
- Increase in *Agency Participation*
  - Senate Increases Agency Allocations by 0.1% per year until 2020
  - House – no increases
- *Venture Capital* Participation
  - Senate Permits VC participation as long as a Single VC company owns no more than 49%. *Allows Majority Ownership participation* (up to 8% of SBIR funds) *by Multiple VC Companies*.
  - House Permits VC participation only if no single VC company owns more than 49%. *No Multiple VC Ownership allowed.*



## *SBIR/STTR Re-Authorization Continued*

- *Increase in SBIR/STTR Award Levels*
  - *SBIR/STTR Phase One Increases*
    - House: *\$250K*
    - Senate: *\$150K*
  - *SBIR/STTR Phase Two Increases*
    - House: *\$2 Million*
    - Senate: *\$1 Million*
- *Senate version requires a GAO Report to Congress on **Intellectual Property Protection** (IP) for SBIR awardees*
- *Senate version establishes a **SBIR-STEM Pilot Program***

## *3% Withholding*

*Current Law* mandates that federal, state, and local governments withhold 3% of Contract Payments as of *January 1, 2012*

*Significant Impact on Small Businesses*

*\$17 Billion – DoD Estimated Cost to Implement Just within DoD over five years.*

*H.R. 275 Repeal of Withholding Tax*

*Introduced 1/7/2009, 150 co-sponsors*

*Referred to House Ways & Means Committee*

*H.R. 1 American Recovery & Reinvestment Act of 2009 (House Passed Version) Included Repeal of Withholding – Changed in Conference to delay implementation date until January 2012.*

## *Presidential Memorandum Establishing Small Business Task Force*

- *Established 4/20/2010: Interagency Task Force on **Federal Contracting Opportunities for Small Businesses** in order to coordinate executive departments' and agencies' efforts towards ensuring that all small business have a fair chance to participate in Federal Contracting*
  - *16 Agencies led by Secretary of Commerce*
  - *Report due to the President by August 20, 2010*

## *Executive Order Establishing Interagency Task Force on Veterans Small Business Development*

- *Established 4/26/2010: Interagency Task Force on **Veterans Small Business Development** in order to coordinate the effort of Federal agencies to improve capital, business development opportunities, and pre-established Federal contracting goals for small business concerns owned and controlled by veterans and service-disabled veterans*
  - *7 Agencies led by the SBA Administer plus four members from Veterans' service or military organizations selected by SBA*
  - *Report due to the President one year after first meeting and annually thereafter*



## *Impact of DoD Insourcing on Small Businesses*

- Congress Mandated Single government-wide criteria for *inherently governmental* functions.
- May 2009 – DoD guidance on Insourcing
  - Requires Review of all Contracted Services for Possible Insourcing.
  - Provides Insourcing Guidance, Requires Cost Analysis
- March 2010 – OMB Issued Proposed Policy Letter
  - Definition of *Inherently Governmental Function* (IGF)
  - Establishes Criteria to Identify *Critical Functions* (CF)
  - Guidance on Internal Management of IGF & CF
  - Comments due by June 1, 2010
- Small Business Losing Traditional Contracts and Employees

# *Questions - Comments*

- *For any **Questions** or **Comments**, please let us know...*
- *Pete Steffes*
- *Vice President Government Policy*
- *703 247 9470*
- *[psteffes@ndia.org](mailto:psteffes@ndia.org)*



# **Northrop Grumman Overview**

NDIA 7<sup>th</sup> Annual National Small  
Business Conference – Huntsville  
25 – 26 May 2010

Rob Watson  
Small Business Liaison Officer

# Northrop Grumman Vision



Be the most trusted provider  
of systems and technologies  
that ensure the  
**security**  
of our nation and its allies





# Northrop Grumman Today



- \$34 billion sales in 2009
- \$69 billion total backlog
- 120,700 people, 50 states, 25 countries
- Leading capabilities in:
  - Cyber security
  - Systems integration
  - C4ISR and battle management
  - Information technology and networks
  - Homeland security
  - Defense electronics
  - Naval shipbuilding
  - Space and missile defense



Focus on Performance

# Our Business Sectors

---



- Northrop Grumman offers an extraordinary portfolio of capabilities and technologies that enable us to deliver innovative systems and solutions for applications that range from undersea to outer space and into cyberspace.
- Our core competencies are aligned with the current and future needs of our customers and address emerging global security challenges in key areas such as C4ISR, unmanned systems, cyber security and logistics/support that are critical to the defense of the nation and its allies.

# Five Operating Sectors



## Aerospace Systems



**Large Scale Systems  
Integration**

**C4ISR**

**Unmanned Systems**

**Airborne Ground  
Surveillance / C2**

**Naval BMC2**

**Global / Theater Strike  
Systems**

**Electronic Combat  
Operations  
Systems**

**ISR Satellite Systems**

**Missile Defense Satellite  
Systems**

**MILSATCOM Systems**

**Environmental & Space  
Science Satellite Systems**

**Directed Energy Systems**

**Strategic Space Systems**

## Electronic Systems



**Radar Systems**

**C4ISR**

**Electronic Warfare**

**Naval & Marine Systems**

**Navigation & Guidance**

**Military Space**

**Government Systems**

## Information Systems



**Command & Control  
Systems**

**Network Communications**

**Intelligence, Surveillance &  
Reconnaissance Systems**

**Enterprise Systems  
and Security**

**IT/Network Outsourcing**

**Intelligence**

**Federal, State/Local  
& Commercial**

**Homeland Security  
& Health**

## Shipbuilding



**Naval Systems Integrator**

**Surface Combatants**

**Expeditionary  
Warfare Ships**

**Auxiliary Ships**

**Marine Composite  
Technology**

**Coast Guard Cutters**

**Commercial Ships**

**Nuclear Aircraft Carriers**

**Nuclear Submarines**

**Fleet Maintenance**

**Aircraft Carrier  
Overhaul & Refueling**

## Technical Services



**Systems Support**

**Base and Infrastructure  
Support**

**Range Operations**

**Maintenance Support**

**Training and Simulations**

**Technical and  
Operational Support**

**Live, Virtual and  
Constructive Domains**

**Life Cycle Optimization**

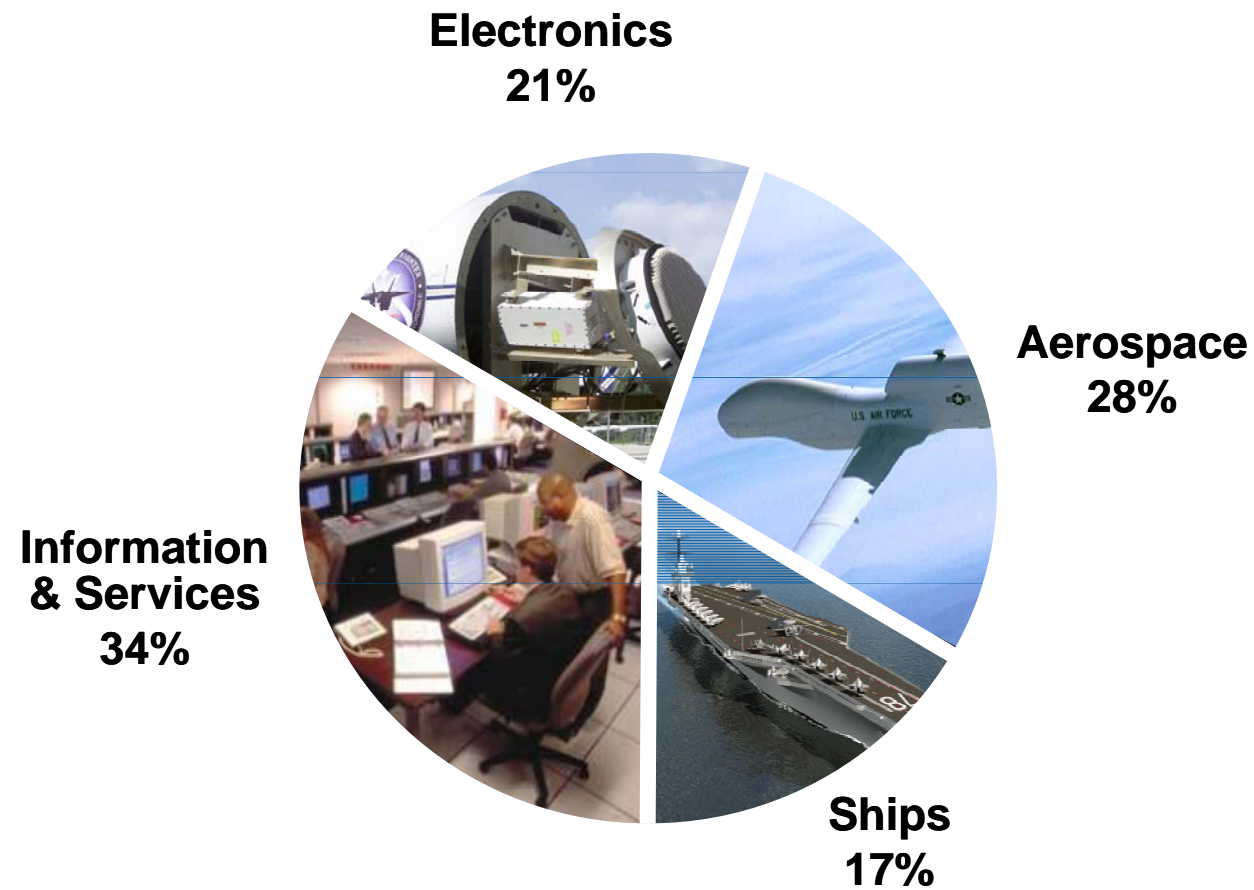
**Performance Based  
Logistics**

**Modifications, Repair  
and Overhaul (MRO)**

**Supply Chain Management**

**Lead Support  
Integrator (LSI)**

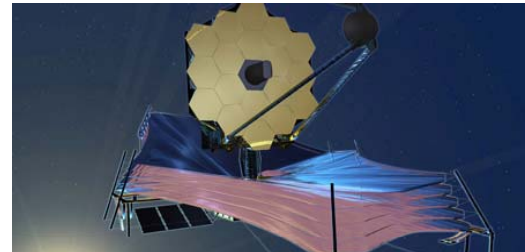
## Balanced, Diversified Portfolio



*Strong Franchise Base . . . Substantial Growth Opportunities*



# Northrop Grumman Products



# Information Systems Sector

## Positioned for Success

- \$9 billion in sales in 2009
- 7,000 contracts
- 32,000 employees

## In the Sweet Spot

- C4
- Mission support
- ISR
- Cybersecurity
- Enterprise applications
- IT & network infrastructure
- Mgmt & engineering services



- **Trusted Partner**
- **Thought Leader**
- **Contractor of Choice**
- **Employer of Choice**

# Information Systems Divisions

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## DEFENSE Systems

- Defense IT infrastructure & applications
- Comms systems development & integration
- Theater and operational C2 systems
- Automated logistics
- Command centers integration

## INTELLIGENCE Systems

- Prime systems integration
- Systems development
- Products
- Enterprise IT
- ISR
- Cyber security

## CIVIL Systems

- Enterprise systems integration
- Civil mission system development & integration
- IT transformation
- Next generation networking
- Biometrics



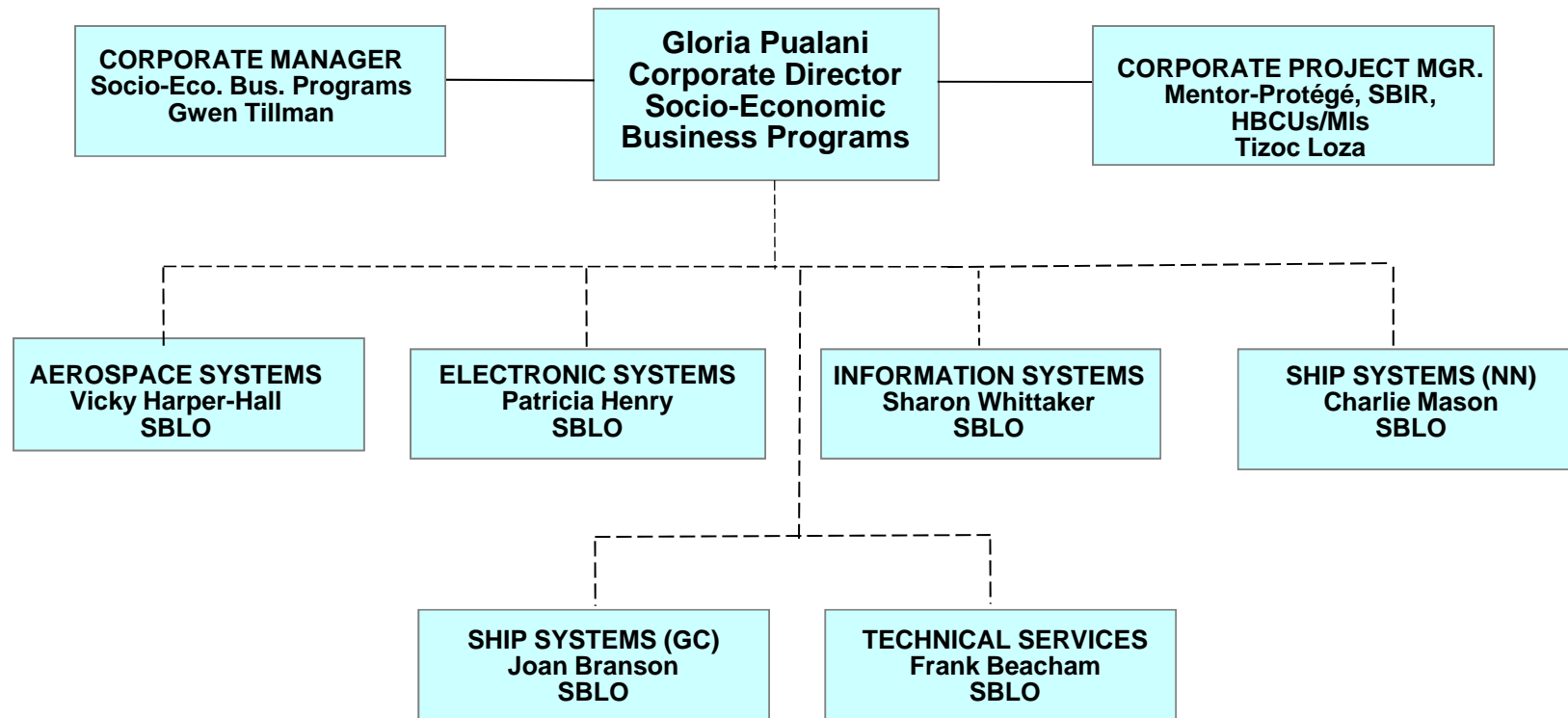
## **How To Do Business With Northrop Grumman Corp.**

# Agenda



- 
- **Overview**
  - **How To Do Business With Northrop Grumman**
  - **Subcontracting Opportunities**
  - **Summary**

# Socio-Economic Business Programs Organization





## Approaches To Reach The Small Business Community

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- **Targeted Outreach**
  - Commodity Specific
  - Product or Service
  - Program Specific
  - Small Business Category Specific
    - Veteran and Service-Disabled Veterans
    - Native Americans
    - Women
    - Small Disadvantaged Business
    - HUBZone Small Business

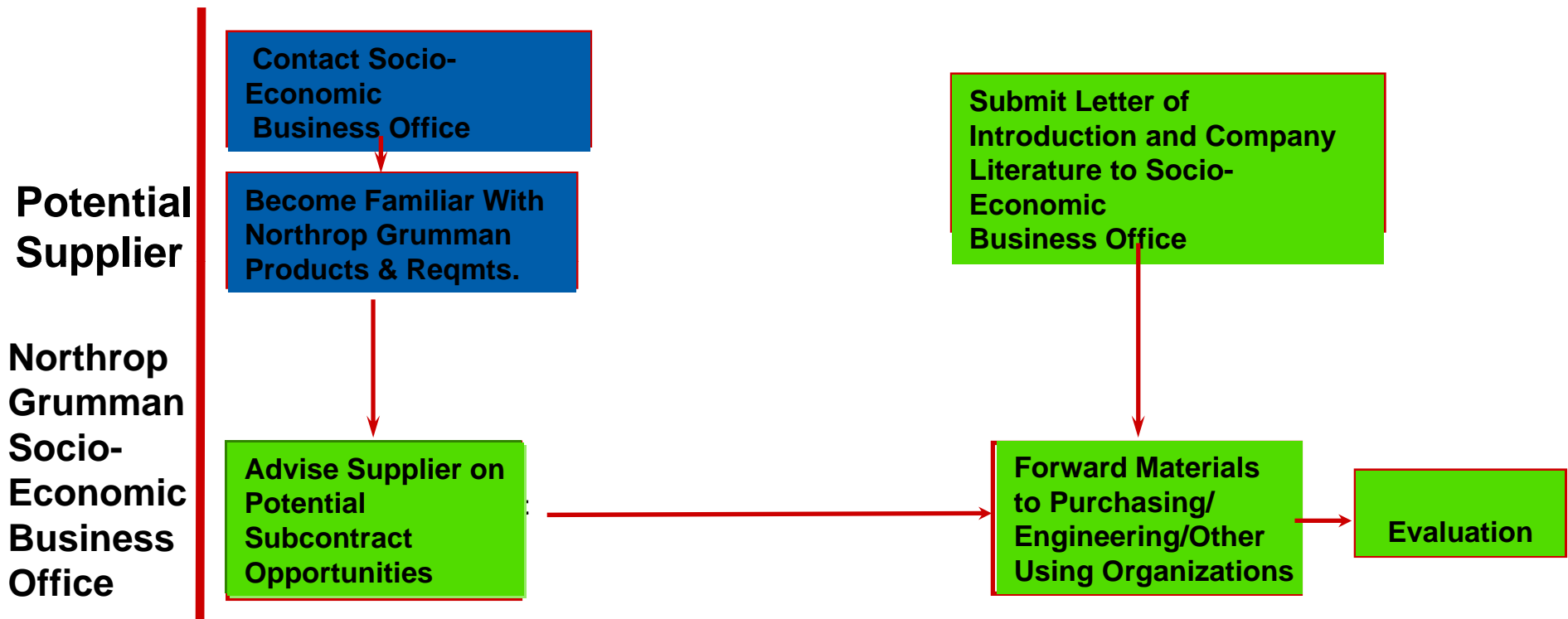
- **Targeted Outreach (continued)**
  - Regional or Geopolitical Specific
  - Internal Outreach
  - External Outreach
    - Support or Co-Sponsor Outreach Hosted By Government Agencies and Trade Associations
- **Annual Marketplace**



- 
- **Small Business Innovation Research/Small Business Technology Transfer Program (SBIR/STTR)**
  - **Mentor-Protégé Program**

- 
- **Small Businesses Support Northrop Grumman's Programs By Providing Products and Services In The Following Areas:**
    - Manufacturing
    - Information Technology
    - Electronics
    - Shipbuilding
    - Research & Development

# How to Become a Northrop Grumman Supplier



**Direct Any Questions to and Keep In Contact With:  
Northrop Grumman Socio-Economic Business Office or  
Specific Procurement or Technical Department**

- **To Be Effective, Potential Suppliers Must Do the following:**
- **Basic Marketing Research**
  - How is the Company Structured?
  - What are the Principal Products?
  - Does This Company Buy What I Sell?
  - How Does the Purchasing Process Work?

# Doing the Homework (Continued)



- **Logistics / Timing**
  - Proximity of Supplier to Company?
  - Where is My Competition?
  - Has the Company Received New Business Contracts?
  - When Will Materials / Services be Needed?

# Supplier Information Required

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- Type of Business
- Number of Employees
- Financial Profile
- Principal Product or Service
- Areas of Product Interest
- Description of Facilities/Equipment/Technical Capabilities
- Quality Assurance Standards (ISO Certification, Lean Principles, Six Sigma)
- Certifications (Small Disadvantaged Business, HUBZone, Service-Disabled Veteran)
- NAICS Codes

- Engineering or Technical Capability
- Supplier Capacity
- Supplier Manufacturing
- Previous Experience - Like Companies or Other
- Northrop Grumman Sites
- Past Performance – Quality, Delivery and Cost
- Supplier Location
  - Proximity to One or More Northrop Grumman Sites

- **Small Business Relationship**
  - Small
  - Disadvantaged
  - Women-Owned
  - Service-Disabled Veteran-Owned
  - Veteran-Owned Small
  - AbilityOne (Formerly Javits-Wagner-O'Day Program)  
(National Industries for the Blind / Creating  
Employment Opportunities for People With Severe  
Disabilities (NIB/NISH))
  - Location in Historically Underutilized Business Area  
(HUBZone)



## Selection Criteria (Continued)



- **Electronic Capability**
  - E-Commerce
  - Internet Capability
    - Access Drawings
    - Purchasing Information
- **Automated Production Control**
- **Quality Process**
- **Stable Financial Status**
- **Ability To Respond To Critical Requirements**

## What Works

## What Doesn't



- **Credibility**
- **Quality Products / On-time Delivery / Cost Affordability**
- **Proven Performance**
- **Conferences/Trade Fairs**
- **Perseverance**
- **Knowing the System**

- **Contacting High Level Execs**
- **Demanding Business**
- **Being Unprepared**
- **Not Doing Your Homework**

---

- **Socio-Economic Business Program Offices**

- Can Provide Information and Materials to Potential Suppliers

<https://oasis.northgrum.com>

- **Small Business Administration (SBA)**

[www.sba.gov](http://www.sba.gov)

- **Minority Business Development Agency (MBDA)**

[www.mbda.gov](http://www.mbda.gov)

## Where to Get Help (continued)



- **National Contract Management Association**

[www.ncmahq.org](http://www.ncmahq.org)

- **Regional Minority Supplier Development (MSDC) Purchasing Councils**

- **Industry Associations i.e., Aerospace Industries Association (AIA)**

[www.aia-aerospace.org](http://www.aia-aerospace.org)

- **Business Associations i.e., National Minority Supplier Development Council (NMSDC)**

[www.nmsdcus.org](http://www.nmsdcus.org)

- 
- **For Background Information About Northrop Grumman Corporation:**

**[www.northropgrumman.com](http://www.northropgrumman.com)**

- **Small Business Program Contacts**

**<https://oasis.northgrum.com>**

***NORTHROP GRUMMAN***

The logo features the company name in a bold, italicized, blue sans-serif font. Below the text is a solid blue horizontal line that transitions into a smooth, upward-curving arc on the left side.

## ASSESSING NEW MARKET OPPORTUNITIES



PROCESS

THINK  
CREATE  
VALIDATE  
DELIVER

**Real Partnerships. Proven Results.**



# GROWTH.

Everyone ~~needs~~ WANTS it.



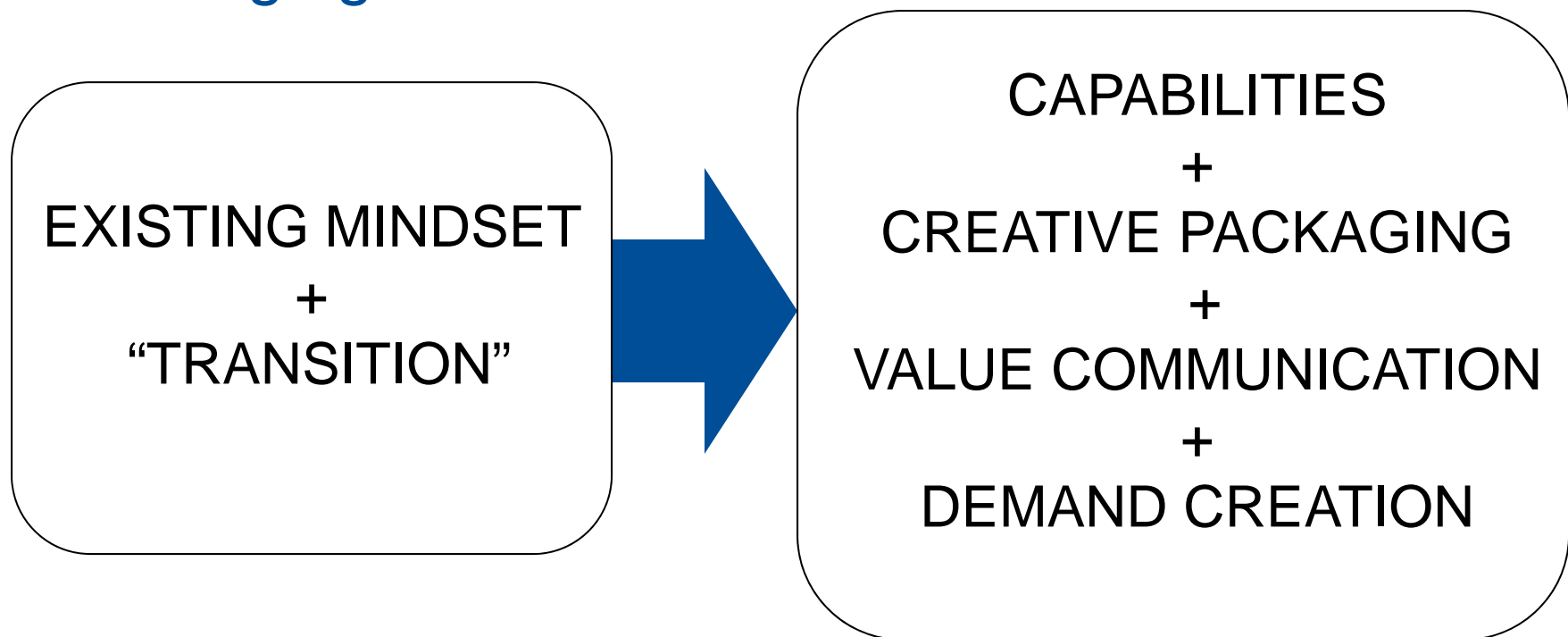




“Now go get us  
20% market share”



## A changing formula





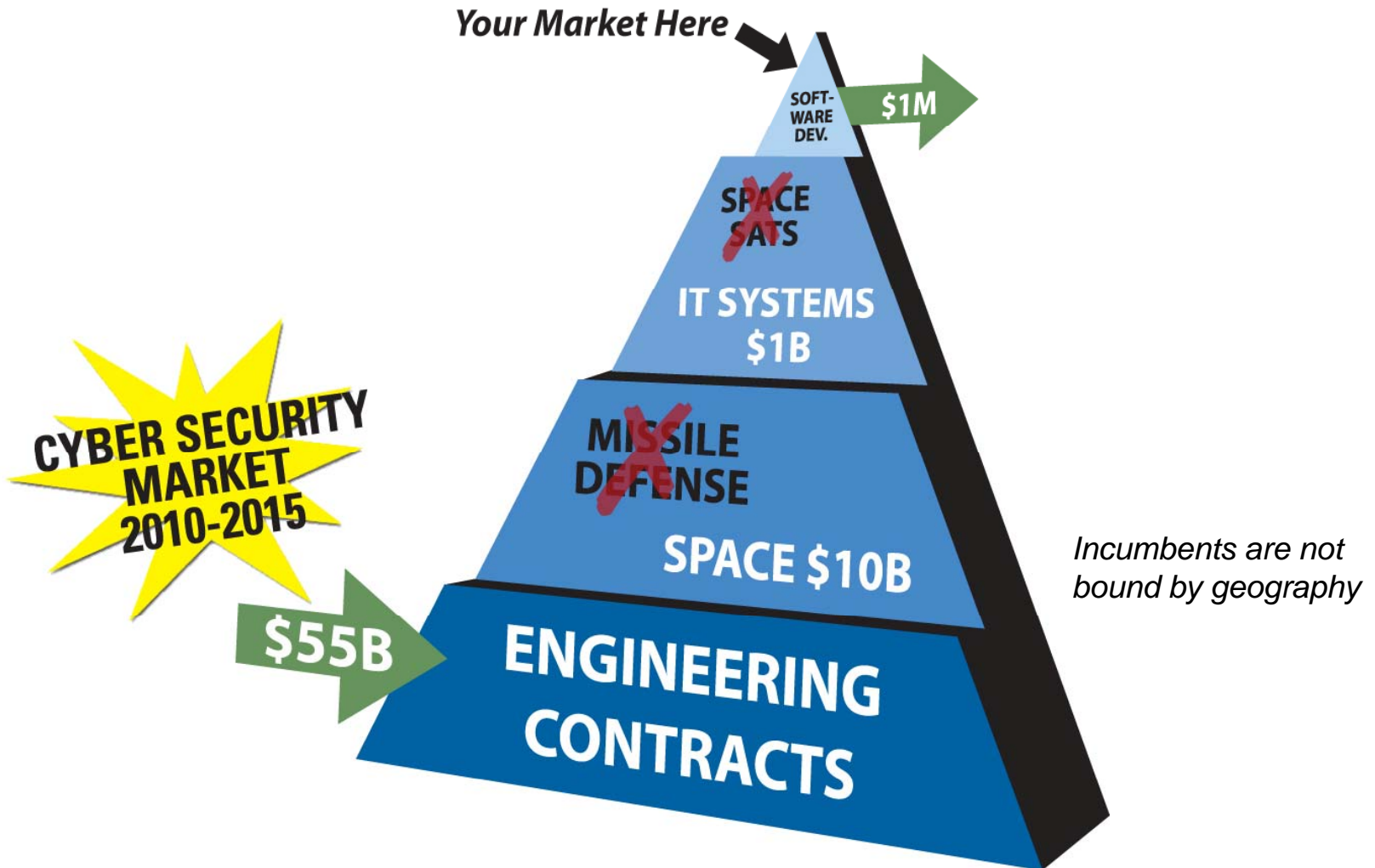
**WANTED:**  
Agile, creative, innovative  
and evolving partners.






**BEWARE:**  
The allure of BIG numbers.

**\$55B**





## Five considerations to assess opportunities:

1. Gather the data
2. Know your story
3. Pivot the communications
4. Culture matters
5. Patience can be your ACE in the hole

Step 1: Gather data

Consider:  
Is this **REALLY** worth it?





**Don't inhale your own exhaust.**

(Your challenge: avoid “forcing” fit to gain \$)




## Step 2: Know your story

What you do and how it  
adds value to the customer



authenticity

A small red square icon with a white diagonal line.

Pitfall: Expanding into areas that are not logical extensions of your story/brand.

Run the risk of losing the heart of your story

If managed strategically  
you can improve your brand position

## Step 3: Pivot the communications

Align your communications strategy to the accumulated data and brand story



Test. Adjust. Test. Adjust. Execute. Measure.  
Repeat.

Step 4: Culture matters

Culture eats strategy  
for breakfast.





## Pitfall: Assuming we're all the same

- Ask customers: what's important?
- Understand how THEIR story changes

Step 5: Patience can be your  
ACE in the Hole.

- Be agile & innovative
- The timeline **is the timeline**



A small red square icon with a white diagonal line, located to the left of the main heading.

## There's a reason the windshield is larger than the rear-view mirror...

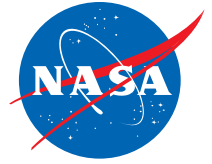
- Avoid focusing too much on the past
- Stay focused on the opportunities





**Fred Wellman**  
**JANSON Communications**

FWellman@jansoncom.com  
or at 703.393.2500  
if you have any questions.



# 7<sup>th</sup> Annual National Small Business Conference – May 25-26, 2010

## Small Business Contracting

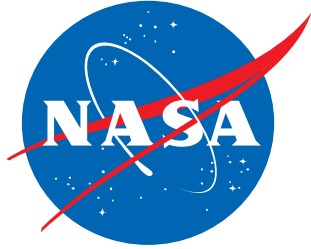
# NASA MSFC

## Current Major Program/Project Efforts:

- Constellation – Ares, Orion
- Shuttle Propulsion
- ISS Payload Ops/Integration
- Science
  - Lunar Robotics
  - Discovery/New Frontiers
  - Chandra
  - Hinode

## Proposed FY11/Future MSFC Roles:

- Heavy Lift and Propulsion Technology
- Exploration Precursor Robotic Missions
- Exploration Technology Development and Demonstration (ETDD)
  - Surface Power Systems
  - Advanced In-Space Propulsion
  - Cryogenic Fluid Management
  - Advanced Materials
  - ECLSS
- Space Technology Program





# **STRATEGIC SOURCING AND THE IMPACT ON SMALL BUSINESS OPPORTUNITY**

Mr. James Wright

*Army Program Manager for Strategic Sourcing, U.S. Army  
Contracting Command*



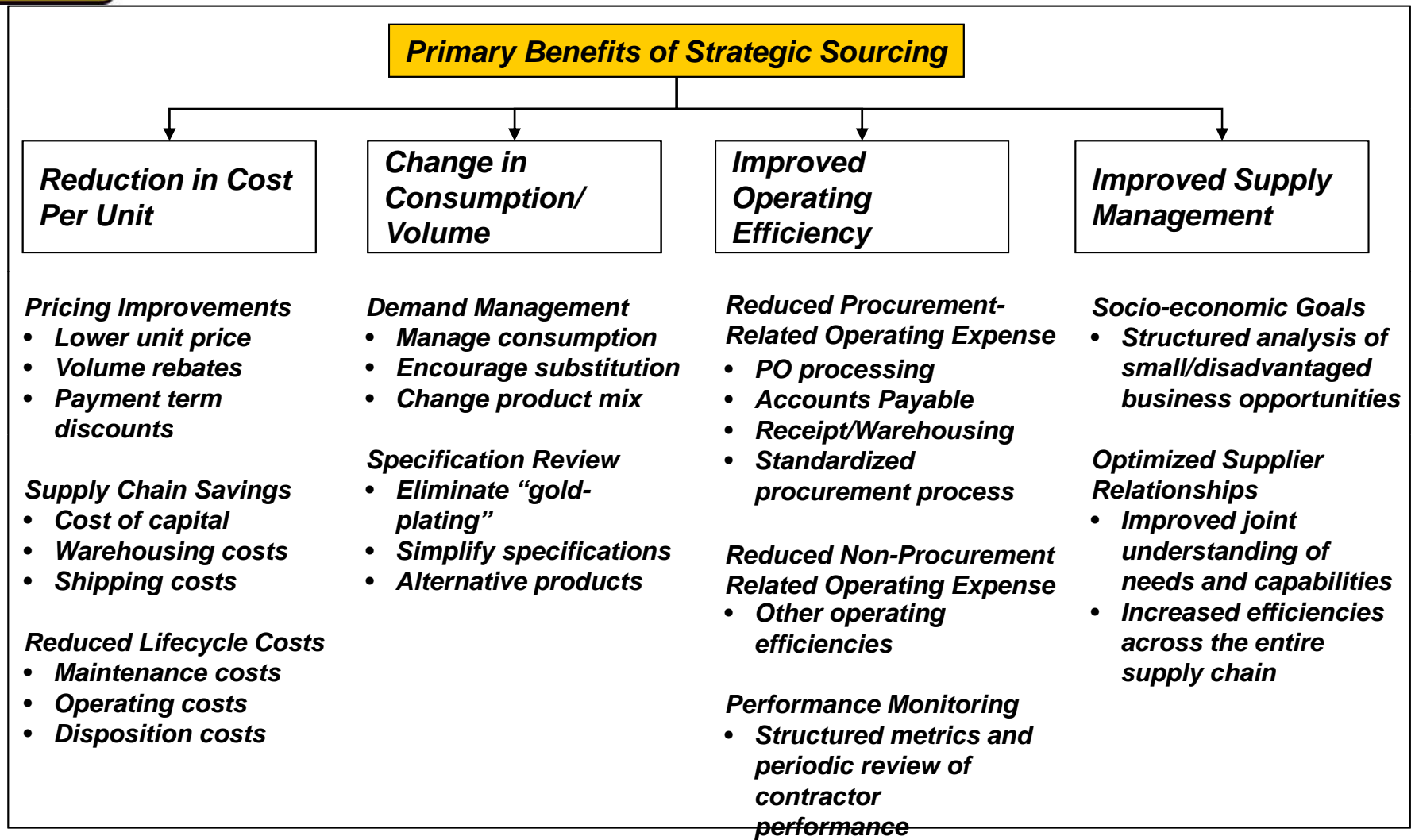
# What is Strategic Sourcing?

## STRATEGIC SOURCING DEFINITION

DEFINITION OF STRATEGIC SOURCING	Strategic sourcing is a <u>structured, analytical and collaborative process</u> for optimizing an organization's supply base while reducing Total Cost of Ownership and improving mission delivery
SUPPORTING DETAILS	<p>Strategic Sourcing is:</p> <ul style="list-style-type: none"><li>• A <b>process</b> for systematically analyzing and developing optimal strategies for buying goods and services.</li><li>• A <b>data-driven, fact-based</b> analysis to drive decision making rather than just “hunches”</li><li>• A <b>holistic</b> process that addresses customer needs, market conditions, organizational goals and objectives, and other environmental factors</li><li>• Based on <b>market intelligence</b>, and takes into account <b>small business</b> capabilities</li><li>• Based on a <b>cross-functional approach</b> that involves multiple parts of an organization</li><li>• About supporting an <b>organization’s mission</b> through procured goods and services</li></ul>
COMMON MISCONCEPTIONS	<p>Strategic sourcing is <b>not</b>:</p> <ul style="list-style-type: none"><li>• Leveraged buying</li><li>• Bundling</li><li>• A pre-conceived answer</li></ul>



## The benefits of strategic sourcing are numerous and go far beyond pricing improvements and leveraged buying





**Over the past 20 years, commercial firms have successfully implemented Strategic Sourcing programs to generate significant savings and efficiencies**

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***Strategic Sourcing has emerged as the standard best practice for private sector firms. Below are three examples of successful commercial Strategic Sourcing initiatives***

***Fortune 100 Manufacturer Uses Strategic Sourcing to Manage Supply Risk and Cost***

- ***Facing an increasingly volatile supply market and inflationary environment for metals, this manufacturer needed to ensure continuity of supply while managing costs.***
- ***Utilizing Strategic Sourcing analytical techniques to analyze the metals supply chain and benchmark various pricing and hedging strategies, the company shifted its sourcing to suppliers further back in the supply chain to “lock in” the supply of metals***

***Fortune 100 Information Technology Company Streamlines Worldwide Sourcing***

- ***In the past, this firm had more than 60 disconnected procurement organizations managing nearly 5,000 production suppliers around the world.***
- ***Through implementation of Strategic Sourcing initiatives, the company saved \$5 billion over five years. It consolidated approximately 85% of its \$17 billion in production spend to 50 suppliers. And its e-procurement initiatives resulted in savings of \$377 million.***

***Fortune 500 High-Tech Manufacturer Focuses on Supplier Relationships for Best Value***

- ***The challenge for this high-tech manufacturer was to stabilize prices and ensure best value in a fast-changing and complex hardware components market.***
- ***The firm implemented a Strategic Sourcing program to look at all components. For the most critical components, the company determined that shifting from quarterly contracts to long-term supplier relationships was the optimal strategy resulting in larger volumes for suppliers, better prices, and standard hardware component.***





**Strategic Sourcing has now been endorsed and is officially prescribed for use across all Federal agencies**

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<b>Federal Organization</b>	<b>Recent Activity and Guidance</b>
<b>General Accountability Organization (GAO)</b>	<ul style="list-style-type: none"><li>• Published reports recognizing the benefits of Spend Analysis and Strategic Sourcing as an Industry and Government Best Practice</li></ul>
<b>Office of Federal Procurement Policy at OMB (OMB/OFPP)</b>	<ul style="list-style-type: none"><li>• Directive issued 5 May 2005 requires each Federal Agency and Department to:<ul style="list-style-type: none"><li>- Implement Strategic Sourcing</li><li>- Identify commodities for strategic sourcing</li><li>- Report annually to OFPP/OMB on progress</li></ul></li></ul>
<b>Federal Chief Acquisition Officers Council (CAOC)</b>	<ul style="list-style-type: none"><li>• Formed Strategic Sourcing Working Group (SSWG) to lead and guide Federal strategic sourcing initiatives</li></ul>
<b>Defense Procurement and Acquisition Policy office at OSD (OSD/DPAP)</b>	<ul style="list-style-type: none"><li>• Currently establishing a DoD Strategic Sourcing Governance Structure and process</li><li>• Sponsored study on best sourcing practices for acquiring IT services</li></ul>



## The Federal Government has already begun to see the benefits of strategic sourcing

### Federal Strategic Sourcing Successes

#### US Air Force

- **Established the Air Force Information Technology Commodity Council to manage all IT commodity buys for the Air Force**
- **Established standard desktop PC configurations, continually updated as part of an 18-month planning cycle**
- **Council's primary aim is to maximize the value of commercial IT product purchases by considering Total Cost of Ownership**
  - Includes factors such as life cycle management costs, cost of support services, and procurement complexities
  - Since 2004, the council has bought 216,000 PCs at a reported savings of \$61 million

#### US General Services Administration (GSA)

- **Established a Federal Strategic Sourcing Initiative focused on leveraging spend across the Federal Government**
- **Launched five commodity teams focused on common spend items across the government**
  - Wireless communications
  - Express document delivery services
  - Copiers
  - Printers
  - Office Supplies
- **Contracts have been awarded on several commodities; awaiting validation of savings**

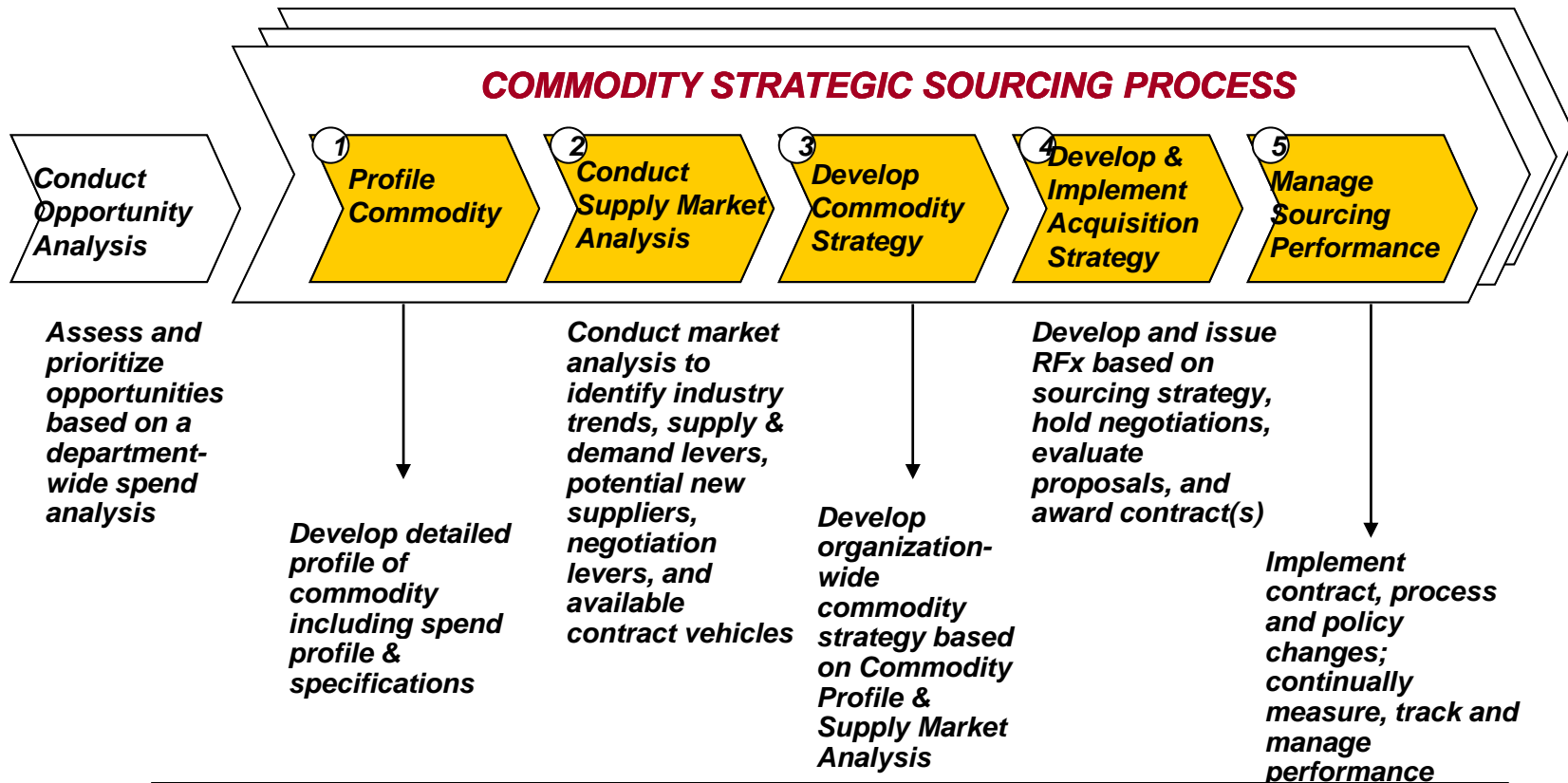
#### US Postal Service

- **Established commodity councils and conducts extensive price analysis:**
  - Savings plus cost avoidance over last five years is approx \$1.3 billion
  - Maintenance, repair, and operating supplies costs reduced:
    - Before: 75% local buys, multiple business arrangements, 1,000 suppliers
    - After: awarded two national contracts, standardized product selection, implemented e-buy, used reverse auctioning, saved \$30 million in FY04



DoD has adopted a well-defined and structured process for strategic sourcing that is rooted in fact-based analysis

## STRATEGIC SOURCING PROCESS – HIGH LEVEL OVERVIEW



**The term “Commodity” is used to refer to ALL acquired supplies or services, simple or complex**



## Strategic Sourcing and Small Business

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### Common Misconceptions

- ***Strategic Sourcing is exclusively about leveraging the government's purchasing volume***
- ***Strategic Sourcing is only about bundling purchases with one supplier as a means of negotiating the lowest price***
- ***Strategic sourcing favors big businesses that can deliver high volume***
- ***Small businesses are going to get left out in the cold***



## Strategic Sourcing and Small Business

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### The Reality

- **Strategic sourcing and small business sourcing are not mutually exclusive propositions**
- **When applied correctly, strategic sourcing can actually help agencies identify entire segments of industry where small business can deliver the best value**



## Strategic Sourcing and Small Business

### Small Business Advantages In Strategic Sourcing

- In areas where deep subject-matter expertise is needed, a small “niche” firm might offer more value
- When speed is of the essence, a small firm might be more nimble and responsive
- Small firms may offer more flexibility in customizing solutions and products
- The lower overhead of a small business can translate to more competitive prices
- Many of the most innovative and creative ideas originate in small entrepreneurial firms



# Strategic Sourcing: An Approach for Incorporating Small Business

